FINANCIAL TIMES

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No. 30,231 Tuesday May 12 1987 D 8523 B

Problems Nicaragua cannot blame on Reagan, Page 24

World news | Business summary

Barbie in court after 40 years

Klaus Barbie, former chief of the Gestapo secret police in Lyons, appeared in court in Lyons yesterday on charges of crimes against humanity during the Second World War. Background, Page 2

Malta poll defeat

Malta's Socialist Party, headed by Premier Carmelo Mifsud Bonnici, last night appeared to be heading for a crushing defeat at the hands of the Christian Democratic opposition, Nationalist Party. The result of Saturday's election is expected to show an overall majority for the Nationalists.

French strike widens

Disruption to air traffic in France widened when Air France navigators went on strike in the wake of three weeks of stoppages by air traffic controllers. Page 2

Drastic cuts face EC

Drastic cuts in European Community payments will have to be enforced later this year unless member states agree to provide more money, European Commission President Jacques Delors warned. Page 2

Mitterrand in Berlin

French President François Mitterrand visited West Germany's President Richard von Weizsäcker in his official residence in West Berlin, setting a precedent in relations between the city and its three protective Western powers. Page 3

Beirut port shelled

The port of Beirut came under artillery fire as envoys of President Amin Gemayel of Lebanon resumed long-delayed peace talks with Syrian officials in Damascus.

US crime rate up

The number of US crimes reported rose by 6 per cent last year, the biggest increase in seven years. An FBI report also said that the number of convicted criminals in jail soared to record levels. Page 7

Forest fire kills 142

Aircraft trying to trigger artificial rainfall began flights over a vast six-day forest fire in north-east China, near the Soviet border, which has killed 142 people and made 50,000 homeless.

Terror cache found

French police found two hideouts used by the left-wing terrorist group Action Directe near Tours and seized weapons and explosives, Interior Minister Charles Pasqua said.

Refusenik's death

Soviet refusenik Yuri Shpeizman, 55, who arrived in Vienna on Sunday after eight years of trying to get an exit visa, died of a heart attack there before he could fly on to Israel.

Saint Laurent theft

Thieves stole original leather and silk designs worth FFr 1m ($165,000) belonging to French couturier Yves Saint Laurent's winter collection from a Paris showroom.

Heart man dies

Emmanuel Vitria, 67, died in Marseilles after living for a record 18 years with the transplanted heart of a 20-year-old marine. He once described himself as the happiest man in the world.

Irving Berlin 99

Irving Berlin, the songwriter who produced more than 1,000 hits including White Christmas and Easter Parade, celebrated his 99th birthday quietly with his wife and family in New York.

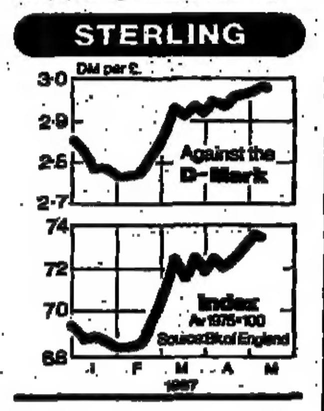
Peugeot beats profits forecast

PEUGEOT, French private car group embracing the Peugeot and Citroën marques, reported higher than expected 1986 earnings of FFr 3.59bn ($608m) against FFr 543m for 1985. Page 25

WALL STREET: The Dow Jones industrial average closed 15.0 down at 2,307.3. Page 48

TOKYO: Sharp early gains lifted share prices to another record despite investor nerves over the high level of prices. The Nikkei average closed up 18.99 at 24,508.22. Page 48

STERLING



STERLING closed in New York at $1.1615. It fell in London to $1.6585 ($1.6750); to DM 2.98 (DM 2.9950); to FFr 9.9550 (FFr 10.0050); to SFr 2.45 (SFr 2.4625); and to Y232 (Y234). The pound's exchange-rate index fell 0.3 to 73.3. Page 37.

DOLLAR closed in New York at DM 1.7965; SFr 1.4735; FFr 5.982; and Y139.55. It rose in London to DM 1.7965 (DM 1.7885); to FFr 6.0025 (FFr 5.9725); to SFr 1.4770 (SFr 1.4700); and to Y139.90 (Y139.65). On Bank of England figures the dollar's exchange-rate index rose 0.3 to 100.5. Page 37

GOLD fell $0.75 on the London bullion market to close at $454.50. It rose in Zurich to $453.75 ($453.50). In New York the Comex June settlement was $457.70. Page 36

LEAD and zinc prices jumped in London trading amid the continuing strike at Cominco's Kimberley/Trail mining complex. Lead surged £21 a tonne to £420 and zinc was £31 higher at £554.50 for cash metal. Page 36

MALAYSIA: The fund launched last Friday on the New York Stock Exchange to allow foreign investors to invest in the Kuala Lumpur stock market has been increased by 15 per cent from $84m to $96.9m amid strong demand. Page 48.

DORNIER, West Germany's second largest aerospace company, in which Daimler Benz has a controlling 65.5 per stake, increased its after-tax profits in 1986 to DM 42.4m ($24m) against DM 33.1m for the previous year. Page 25

EUROPEAN Commission is considering using tariffs and volume restraints to prevent the diversion of Japanese electronic products from the US. Page 8

BRITISH AEROSPACE is to place a £6.5m ($10.5m) contract with India's state aircraft maker to help improve its chances of winning an Indian airliner order worth about $300m. Page 8

CHRYSLER, third largest US motor manufacturer, is to turn its automotive parts division into a separate, wholly-owned subsidiary. Page 25

ATLAS-COPCO, Swedish mining, construction and industrial equipment manufacturer, suffered a 4.5 per cent drop in first quarter profits but repeated forecasts of higher earnings for the full year. Page 25

CASIO, digital watch-maker, blamed the strong yen in part for a 67 per cent drop in annual pre-tax profits to Y4.24bn ($30.2m). Page 28

MORGAN GRENFELL, UK investment bank, is losing three New York staff members – including senior mergers and acquisitions executive Randall Candill – to Wall Street securities firm Prudential Bache. Page 25

Thatcher seeks historic third term in June poll

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

MRS MARGARET THATCHER, Britain's Prime Minister, is to seek re-election for her Government on Thursday, June 11, for a record third consecutive term and said yesterday she wanted a fourth term. At the same time, she promised to set a course for Britain up to the end of the century.

The Tories will go into the four-week campaign as favourites to retain an overall majority in the House of Commons although probably down on their 144-seat margin at the 1983 election.

Confirmation of the long-expected election date came yesterday after a Cabinet meeting of just under an hour and a visit by the Prime Minister to Buckingham Palace to obtain the Queen's formal approval for a dissolution of Parliament.

Parliament will meet for the rest of this week to complete legislative business, and formal campaigning will start at the weekend, with party manifestos being published early next week.

The party leaders were, however, quick to set out major themes in a series of television interviews.

In characteristically ebullient form, Mrs Thatcher said she hoped to serve a fourth term because this time she was only aiming for her third term and there was still "quite a long way to go" and "a great deal to be done."

Mrs Margaret Thatcher: prospect of historic third term

The plans in the Conservative Party manifesto, to be published a week today, might, she said, "take longer than five years." The manifesto would set "a course to go up to the end of the century." Noting this would mark the end of the millenium, she said: "It ought to set Britain's course for the next century as well as this."

She added that she hoped to "go on and on," saying: "We really must win. There is so much to lose."

Mrs Thatcher also sought to justify her decision to call an election a year early. She stressed that she had always said there was no question of an election under four years and that any time between the fourth and fifth year was possible. But the Government now had a lot of plans for the future which would take "quite a number of years to implement."

She said that "so much is going on on the international scene; arms control; the future of the Common Agricultural Policy; the whole of East/West relations; and the Middle East problem. It is important to know that we are going to have continuity and confidence in decisions.

Consequently, she argued that it was "best to end the uncertainty; to plan for the future."

The annual summit of the seven main industrialised countries is due to be held in the final three days of the campaign. Government officials said yesterday that Sir Geoffrey Howe, Foreign Secretary, would represent Britain for the whole

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Editorial comment, Page 22; Election campaign, Page 22; Parties clear decks, Page 11; London Stock Exchange, Page 44; Money markets, Page 37

New Delhi imposes direct rule on troubled Punjab

BY JOHN ELLIOT IN NEW DELHI

A GENERAL security alert was issued throughout northern India early this morning when the Sikh Akali Dal government in the turbulent state of Punjab was removed from office for a period of six months by the central Indian Government of Mr Rajiv Gandhi.

The Indian Government said the Punjab administration was "incapable" of maintaining law and order."

It has been replaced with President's rule, which involves direct government from New Delhi, administered through the governor of the Punjab.

The move could increase the effectiveness of the security forces but could also exacerbate the alienation of the local population, especially Sikh youth.

Fearing a possible extremist backlash, all the northern Indian states, particularly the capital of New Delhi, were put on a state of alert by the government last night.

Paramilitary reinforcements were sent to especially sensitive areas.

The imposition of President's rule, which amounts to a major political setback for Mr Rajiv Gandhi, the Prime Minister, was announced in New Delhi just before midnight. It followed a long meeting of the Indian cabinet which had considered a report on the political and security situation in the Punjab, where more than 300 people have been killed as a result of Sikh extremist violence this year, 16 of them last Sunday.

A statement issued by the Indian Government said there had been a "breakdown of law and order machinery" because a "parallel authority exercised by fundamentalists and terrorists" had been functioning since April. This had caused people to flee from the state and had led to "lawlessness, looting, bank robberies, burning of shops and kiosks, and brutal murders of innocent persons."

Although there are some potential short term political advantages in this development for Mr Gandhi, it basically underlines his failure to push through a peace settlement for the Punjab problem, which has claimed the life of Mrs Indira Gandhi, his mother and former Prime Minister, as well as hundreds of other Indians.

In 1985, when he was at the height of his political powers, Mr Gandhi ended an earlier two-year spell of President's rule in the state and held regional elections which were supposed to pave the way for a permanent settlement of Sikh unrest through a peace accord.

But he failed to implement the terms of the accord. The Sikhs' Akali Dal government elected in 1985 and headed by Mr Surjit Singh Barnala, the chief minister, then failed to quell the resulting violence and the government splintered into warring factions.

Nissan speeds up investment in UK manufacturing plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

NISSAN, second-largest Japanese car producer, is accelerating its UK expansion programme at Washington in north-eastern England, a move which will create 300 jobs a year ahead of the original schedule.

Output of the Nissan Bluebird car range will be increased by more than 20 per cent this year from the 24,000 predicted when the group announced its expansion scheme last September to 29,000.

The 29,000 cars to be assembled this year from kits will still be considered Japanese and will count against Nissan's quota under the terms of the gentlemen's agreement which restricts vehicles shipments from Japan to the UK.

At the same time Nissan UK, the independent importer of Nissan vehicles to Britain, yesterday announced that it would spend a further £26m ($43m) this year to expand and strengthen its dealer network.

This will create 25 major new outlets and improve Nissan's distribution base in the UK for the sale of the Washington-built Bluebirds when their European content reaches 60 per cent at the end of 1987 and they qualify for the first time as "British" cars.

The importer has already spent £50m on strengthening its network by offering low-cost loans and premises to would-be dealers.

As a result, about 90 of the 300 Nissan main dealerships are associated with the import company, which is owned by Mr Octav Botnar, who travels on a West German passport and remains executive chairman although he is well into his 70s.

Mr Stan Cholaj, Nissan UK's joint managing director, said yesterday that spending on the network in 1988 would continue at this year's rate.

His company ultimately wanted between 350 and 390 major dealers. In the short term the network would soon be capable of moving Nissan's share of the UK new car market up from 6 per cent to at least 10 per cent as British-built cars became more freely available.

Nissan UK had been asking the Washington plant for more Bluebirds for some time to meet rising demand, and the yen's appreciation against the pound now made assembly in the UK more viable, Mr Cholaj added.

Nissan said the 300 jobs at Washington – to be filled exclusively from the north-east of England – are in addition to 270 others already planned for the remainder of 1987. Employment will double from the current 530 to 1,100 by the year end.

In addition, Nissan will introduce a night shift in November, eight months ahead of the original expansion schedule.

Chrysler restructures, Page 25; Peugeot earnings, Page 25

Energy ministers seek to avert oil crisis

By Max Wilkinson, Resources Editor, in Paris

ENERGY MINISTERS from the world's leading industrial countries yesterday agreed that last year's collapse of crude prices required them to strengthen measures to prevent a future oil crisis.

They were presented with a report by the agency's staff which showed that the much lower oil output since then had increased the vulnerability of the West to an oil producers' cartel. Ministers from the 21 member countries of the International Energy Agency were meeting for the first time since July 1985.

In a communiqué after the meeting the ministers said: "While lower energy prices have broad economic benefits, they have created serious problems for certain countries, industries, and regions. Increased consumption and reduced indigenous production of energy as a result of lower prices raise concerns about long-term energy security."

The unpublished analysis by agency staff suggests that crude prices are unlikely to rise much above present levels for the next few years.

As a result exploration will be greatly depressed compared with what would have been expected when prices were around $28 a barrel compared with the present $18-$19.

The report suggested that demand for oil from the Organsiation of Petroleum Exporting Countries (Opec) could as a result be pushed up to about 22m b/d in three years' time from the present 17m b/d. At the higher level, the IEA staff believe that prices would rise.

The ministers were careful to avoid mentioning specific prices or to refer to any future crisis. However, they agreed to give a new emphasis to energy conservation, to building up a strategic reserve of oil, to finding new sources of energy and to resisting barriers to trade in oil.

The ministers expressed a unanimous, though coded, condemnation of proposals in the US for an oil import tax. After the meeting, Mr John Herrington, US Energy Secretary, pledged that the US Administration would continue to oppose this idea vigorously.

In spite of strong pressure from parts of the oil industry, he said he thought the chances against such a tax being adopted by Congress.

Mr Herrington said the general anxiety about future oil supplies was particularly acute for the US, the largest producer and consumer of oil in the industrial world.

Details, Page 36

Reagan 'cleared plan to ransom US hostages'

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan approved a scheme to secure the release of American hostages held in Lebanon, which involved paying $1m each to the captors and other parties, the Iran-Contra Congressional hearings were told yesterday.

Some of the money to back the scheme came from funds raised for the Nicaraguan Contra rebels by foreign allies of the US and was paid to US Drugs Enforcement Administration agents sent to the Middle East to co-ordinate and carry out the rescue mission.

These revelations came during the questioning of Mr Robert McFarlane, President Reagan's former national security adviser.

In a memorandum in 1985 Lt Col Oliver North, the sacked White House aide, sent a memorandum to Mr McFarlane saying that the DEA agents were to be involved in the operations on the authority of Mr Edwin Meese, the Attorney-General. He said that travelling expenses would be met by funds "normally accumulated for the Nicaraguan Contras." But scheme never came off.

It also emerged during the hearings that the Reagan Administration persuaded several foreign countries to fund the Contra rebels during a Congressional ban on US military aid, and President Reagan knew and approved the effort.

Mr McFarlane said on two occasions he handed the President a secret memorandum describing how an unnamed ally paid $1m a month to the Contras, which it later doubled to $2m a month.

Mr McFarlane did not identify the foreign donor, but he broke his pattern of anonymity and referred

Mr Robert McFarlane: secret memos to President

in his testimony at one point to preparations in Washington for a state visit by King Fahd of Saudi Arabia in early 1985.

Saudi Arabia has since last November, when the Iran scandal broke, denied widespread American news reports that it gave money to the Contras during the October 1984 to October 1986 Congressional aid ban.

Mr McFarlane, a former marine who led the first US combat attack in Vietnam, began his testimony to the House Senate panel on a note of contrition. "This has been and remains a source of deep remorse – even anguish – for me," he said in an oblique reference to his suicide attempt earlier this year.

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Economic war cripples Nicaragua, Page 24

Meese seeks inquiry on Wedtech links

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR EDWIN MEESE, the US Attorney-General, has asked for an independent counsel to investigate his links with Wedtech, the New York military contracting concern which filed for bankruptcy last September, four of whose officials have pleaded guilty to corruption charges.

Announcing the decision, his spokesman, Mr Terry Eastland, said: "The Attorney-General desires that this matter be resolved as promptly as possible and in a form that will prevent political exploitation."

The Attorney-General is confident that the inquiry will show he has acted entirely properly and lawfully. He pledged swift and full co-operation with an independent counsel, Mr Eastland said.

Mr Meese's attorney has asked that the investigation of Mr Meese be conducted by Mr James McKay, an independent counsel, who is already investigating the lobbying activities for Wedtech by former White House aide Mr Lyn Nofziger.

Earlier this month, the two democrats who chair the House and Senate Judiciary Committees, Senator Joseph Biden and Representative

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CHILEAN PLANNERS LOOK TO THE FUTURE

General Augusto Pinochet's regime may be digging in beyond the next decade, Page 7

Bowed but smiling Barbie goes on trial

BY GEORGE GRAHAM IN LYON

MR KLAUS BARBIE, former chief of the Gestapo secret police in Lyon, yesterday entered the courtroom he has avoided for the last forty years.

Barbie, now 73, will for the next two months be tried on charges of crimes against humanity, including the illegal arrest, torture and deportation of Jews and members of the French Resistance.

A bowed but smiling figure dressed in sombre grey, Barbie chatted and joked with his interpreters as his guards led him to his seat, behind a screen of toughened glass, on the right hand side of the temporary courtroom specially constructed in the vast waiting room of Lyon's Palace of Justice.

The trial is viewed as a historic event in France, and is the first ever to be filmed for posterity. The film will not be made available to historians for twenty years, and will not be released for public viewing for fifty years.

Barbie caused an immediate stir in the court yesterday by giving his name as Klaus Altmann, the pseudonym under which he lived in Bolivia for thirty years until his deportation to France in 1983. He did not try to deny his identity, however, admitting that his father's name was Barbie and that he had lived under the name of Altmann only since 1951.

The prosecution has spent the last four years preparing for Barbie's trial, but at the last minute yesterday came a flood of people wanting to join in as "parties civiles", plaintiffs associated with the prosecution who seek damages from the defendant.

A bank of lawyers represents the 47 "parties civiles" whose cases have been accepted by the court, opposing Barbie's single defence lawyer, Mr Jacques Verges.

"There is no doubt Verges will have the best part in the script. He is alone against 40, and he is more talented than any of them," commented one observer.

Among the handful of spectators admitted at the back of the hall Mr Verges has begun to win approval and sympathy.

Already on the first day of the trial the controversial defence lawyer has shown his claws, attacking his opponents for appealing to vague laws of civilisation rather than to precise legal forms.

"To pretend that you can ignore form in the most serious matters is a sign of judicial imbecility," Mr Verges said. Because of the expected length of the case, Judge Andre Cerdini called yesterday for six supplementary jurors in case one of the main jury drops out during the trial.

The five men and four women who make up this main jury average 39 years old and sit alongside Judge Cerdini and two other magistrates.

Barbie—accused of crimes against humanity

Delors appeals for Ecu 5bn cash injection

BY QUENTIN PEEL IN BRUSSELS

DRASTIC cuts in European Community payments—of 30 per cent for agriculture and 50 per cent for other programmes—will have to be enforced in the second half of the year if member states do not agree to provide more finance, Mr Jacques Delors, the European Commission President, told finance ministers yesterday.

In an urgent appeal for extra cash totalling an immediate Ecu 5bn (£3.5bn) in 1987, Mr Delors and Mr Henning Christophersen, his Budget Commissioner, warned of the dangers of delaying any deal.

However, they face the flat refusal of some member states—notably the UK and West Germany—to provide any more money in the form of cash advances to the EC budget.

Mrs Margaret Thatcher, the British Prime Minister, has already written to Mr Delors rejecting that option, which would have to be approved unanimously, and sanctioned by national parliaments. Mr Gerhard Stoltenberg, the West German Finance Minister, yesterday also spoke out against it.

The Ecu 5bn hole in the 1987 budget was the most immediate of three major financing problems tackled by the EC Finance Ministers yesterday. The others were a first inconclusive debate on Commission proposals for a radical reform of future financing up to 1992, and an equally abortive attempt to set spending limits for 1988.

The Commission plan for the current year is to find the Ecu 5bn from three sources. The main one is a switch from payments in advance to payments in arrears on farm spending, which would produce a once-off saving. Mr Delors proposes to allocate Ecu 2.9bn to cover the Ecu 2.9bn overspending on agriculture already evident because of higher export subsidy costs.

The second source of finance available is Ecu 630m left within the total amount of contributions from national treasuries under the present value added tax formula.

The third element in the Commission plan is the one already disputed: some Ecu 1.6bn in extra cash contributions above the present legal ceiling.

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Mr Peter Brooke, the British Minister of State at the Treasury who attended yesterday's Council meeting, said that instead of providing any such cash, the money should be found from a full use of the switch from advances to reimbursements, and additional savings from the current farm price review.

Rome guilty of protecting fruit industry

By Tim Dickson in Brussels

THE ITALIAN Government has been found guilty of protecting its domestic fresh fruit industry through a consumption tax on imported bananas.

The decision is spelt out in two judgments from the European Court of Justice, one concerning bananas imported from the French overseas territories, the other relating to a consignment of bananas grown in Columbia but imported into Italy via the Benelux countries.

Officials in Brussets believe that the latter is of more significance since it appears to extend the scope of Article 95 of the Treaty of Rome, which prohibits a member state imposing directly or indirectly a tax on the products of another member of the Community in excess of that on similar domestic products.

Slow banks blamed for Italy's cash economy

BY JOHN WYLES IN ROME

ONE OF the many respectable functionaries in the Italian black economy is that of "payments messenger" for businesses which have regular accounts to settle with everything from the telephone service to the local bar.

The messengers, usually trustworthy retired people, are vital because Italy is still predominantly a cash economy, because as the Bank of Italy has just pointed out in a "white paper," the banking payments system is crashingly slow and inefficient.

Ordinary purchases which would be settled by a cheque in most other industrialised countries have to be paid for in cash because cheques are rarely acceptable. According to the bank, it takes an average of 29 days for a cheque drawn on a current account in one bank to be credited to an account in another. The average in other advanced countries is between three and 10 days.

The Bank of Italy white paper is by far the most comprehensive study of the Italian payments system ever done and its recommendations partly recognise that the central bank itself needs to do more to raise the level of performance.

Despite enormous fragmentation, the white paper shows that Italy is relatively "underbanked" with only 2.3 branches per 10,000 inhabitants compared to 4.3 in the US and 4.4 in the UK. Italy, however, has the highest number of emplyees per branch, 22.7, of any country except Switzerland.

The bank concludes that Italy has the basis for more modern payments system and that, increasing, the degree of competition between banks should raise the efficiency of services. But co-operation also needs to be greatly improved, especially in the handling of cheques.

The Bank of Italy, tiself, should revise its role, says the white paper, above all by affording electronic access to its clearance system and by setting up a system for the direct movement of funds

The basic objective should be the fullest integration possible of the various participants in the payments system. This particularly concerns the relationship between banks and the postal payments service which, at the moment, refuses to handle most banking instruments.

Outlook for plastics 'sobering'

By Tim Dickson in Brussels

THE IMMEDIATE outlook for European plastics manufacturers is "sobering," the head of the industry's main European trade association warned yesterday.

Slower economic growth in 1987 and stronger exports from the US and other countries (notably in the Far East) are two of the threats spelt out by Mr Manfred Roh, president of the Association of Plastic Manufacturers in Europe (APME) in the group's latest annual report.

The position, moreover, will worsen, "if environmental pressures from political interest groups and government quarters keep growing against plastics in several Eupropean countries."

Mr Roh's caution comes despite the industry's improved performance in 1986. Latest APME statistics published in the report show that production of the five main "bulk" plastics rose strongly during the year with manufacturers disclosing good increases in high density polyethylene, polypropylene and polystyrene and smaller increases in low density polyethylene and PVC.

Mr Roh explains that "the constant and high demand" in European home markets had resulted in a "satisfactory" utilisation of capacities. With lower raw material prices most commodity plastics were "back in the black"

APME, which comprises 45 companies and represents about 95 per cent of European plastics materials manufacturing, says it is devoting increasing resources to studies, research and public information in a bid to counteract hostile environmental pressures.

Swedish iron ore mines may win stay of execution

BY SARA WEBB IN STOCKHOLM

SSAB, the Swedish state-controlled commercial steel group, said yesterday it may delay its plan to close iron ore mines and cut more than 2,000 mining and steel mill jobs following intervention by the Industry Minister, Mr Thage Peterson.

Mr Peterson said the life of the mines could be extended by up to three years and that the Government would set up a committee to look at ways of creating new jobs in the afflicted areas.

The new SSAB management, brought in last November, had proposed far-reaching restructuring plans aimed at cutting back the loss-making business areas such as mining and long products, while concentrating on steel sheet production in future.

Plans to close two iron ore mnes at Graengesberg and Dannemora in 1988, have attracted strong criticism from the unions and dependent mining communities.

Mr Peterson said it should be possible for SSAB to continue working Dannesmora until 1991. SSAB had planned to use LKAB, the state-owned iron ore mining company, as an alternative supplier to its steel mills, but LKAB has since warned that it expects deliveries to be delayed.

The Industry Minister said a separate government-owned company could take over Graengesberg in 1988 and keep it in operation for a further three years. However, the financial details have yet to be agreed.

West German group to close two fertiliser plants

BY HAIG SIMONIAN IN FRANKFURT

BASF, the big West German chemicals group, is closing two fertiliser factories and rationalising a third in an attempt to re-organise its production in the heavily loss-making European fertiliser business.

BASF is to shut the Nordenham works of its subsidiary, Guano AG, by the end of this year. A second Guano plant, at Krefeld in the Ruhr, is to be rationalised "as soon as possible," according to Mr Bernd Gerling, a company spokesman.

A larger factory, belonging to BASF Duengemittelwerke Victor, based at Castrop-Rauxel, will end production by 1990. It produces 600,000 tonnes of nitrogen fertilisers, while Guano has a total output of 260,000 tons of NPK fertiliser and 70,000 tons of phosphate and phosphate-potash fertiliser.

The cuts represent about one sixth of BASF's total fertiliser output. "The company is not willing to give up this line of business," says Mr Gerling, "but we have to do a lot of things to strengthen and rationalise." The two works being closed are relatively small, high cost operations, according to the company, and just over 1,000 workers will be affected.

There has been speculation for some time about the need for rationalisation in the European fertiliser business, which is dominated by BASF, ICI and Norsk Hydro. After years as an exporter, Western Europe became a net importer of fertiliser products for the first time in the 1985-86 crop year.

Navigator strike widens French air traffic conflict

BY DAVID HOUSEGO IN PARIS

DISRUPTION to air traffic in France widened yesterday when navigators of Air France went on strike in the wake of three weeks of stoppages of air controllers.

The industrial action by air controllers aimed at getting bonuses incorporated in their salary for pension purposes has been causing delays at French airports most weekday mornings.

Air France navigators went on strike yesterday to press claims for a sophisticated landing device to be fitted to the new Airbus A-320. The "Haddock display" is fitted to planes of Air Inter—the French domestic airline—but Air France maintains it is too costly.

Air controllers in France are public employees who work under the wing of the Ministry of Transport. As such their bonuses—which amount to 30 per cent of their salary—cannot under French regulations be incorporated into their salary.

The government initially proposed giving them an independent status but this was rejected by the bulk of the employees

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David Marsh profiles Mr Bluem, new CDU leader in W Germany's most populous state

Testing the mettle of a working-class hero

MR NORBERT BLUEM, the authentic working class hero of West Germany's ruling Christian Democratic Union (CDU), faces his greatest test.

Mr Bluem, 51, a former toolmaker at the Opel car works who has been Labour Minister in the Bonn coalition since 1982, has been called to arms by Chancellor Helmut Kohl to take over leadership of the CDU in West Germany's most populous state, North Rhine Westphalia.

The chubby, cheerful Mr Bluem, whose cherubic features are topped by an anachronistic pair of steel-rimmed spectacles, has the look about him of a man who might be selling toffee-apples at the end of the pier.

In the homely surroundings of his ministry in Bonn's leafy suburbia, a rabbit can sometimes be seen on the grass outside his office.

He will need to take one to pull out of his hat in Dusseldorf when he moves in later this month as chairman of the badly split North Rhine Westphalia CDU from Mr Kurt Biedenkopf, who was finally ousted from his post on Friday after months of moves to unseat him.

Mr Bluem, who will remain Labour Minister but will give up his other exacting job of chairman of the CDU's social affairs committee, favours plain speaking.

"A good clean row is the mark of democracy," he says. No stranger to controversy, Mr Bluem has attracted criticism both from trade unionists over high unemployment and the government's anti-strike legislation, and from economic right-wingers over his support for tax cuts for lower-income employees.

Mr Bluem, who is also a doctor of philosophy, keeps up contacts he struck up while on the Opel production line. He has been a member for nearly 40 years of the IG Metall metalworkers' union, weathering periodic union attempts to cancel his membership.

Mr Bluem is only 5ft 5 ins tall but he says his own personality adds up to a prime reason why the CDU these days is increasingly capturing the working class vote from the Social Democratic Party (SPD). That might sound a bit like bravado—but, says Mr Bluem jocularly, "people whose main virtue is modesty belong in a monastery."

The down-to-earth Mr Bluem has no time for intellectual flirtations with the Greens ecology party of the kind indulged in by Mr Biedenkopf—which represented one of the reasons for his downfall. "The Greens want to go back to the past in a postal coach," he says. "But they complain if the trains are three minutes late. And if they are ill, they want to go to the most modern hospital, don't they?"

The way he addresses hierarchical subordinates by the familiar "du" form can make staider members of the Government wince. Maintaining an open door for discussions on all sides, he says, is the best way for politicians to keep their common sense. "We must not stew in our own juice."

Against his inclinations, Mr Bluem has been pressed into the North Rhine Westphalia job by his old friend Mr Kohl, who affects a similar bonhomie to Mr Bluem but with considerably less sparkle.

Mr Bluem maintained his resistance to the move right up until events came to a head at the end of last week. A prime reason for his reluctance was because any bad news Mr Bluem has to proclaim in the next two years as Labour Minister will now inevitably directly hamper the CDU's chances of winning North Rhine Westphalia from the Social Democratic Party (SPD) in the next state elections in 1989.

One of Mr Bluem's greatest challenges in Bonn is to manage an overhaul of the country's health insurance and pensions system, creaking under the impact of high costs and West Germany's ageing population.

Mr Bluem, a Roman Catholic, has strong views on the subject of the declining German birth rate. He has already done his bit to try to reverse it by producing two girls and a boy. "A country not capable of looking ahead to securing its own existence runs the risk of becoming a sad society," he says.

At least, whatever other difficulties it faces, with Mr Bluem at the helm, the North Rhine Westphalia CDU should have no shortage of good cheer. One of his longest-standing associates, Mr Bernhard Vogel, CDU Prime Minister of the Rhineland Palatinate, said at the weekend, "Bluem has taken the job from a sense of duty. But he should be able to make it fun too."

Norbert Bluem—facing a tough challenge

CITY'S 750th ANNIVERSARY

Mitterrand leads off visits by top leaders to Berlin

BY LESLIE COLITT IN BERLIN

AN UNUSUAL series of visits to Berlin by the leaders of the four powers responsible for the divided city since 1945 was inaugurated yesterday by Mr Francois Mitterrand, the French President, to mark Berlin's 750th anniversary.

Mr Mitterrand will be followed later this month by Queen Elizabeth and Mr Mikhail Gorbachev, the Soviet leader. Mr Ronald Reagan, the US President, will come next month.

At one point the possibility of a summit meeting in Berlin between Soviet and US leaders arose, but Mr Gorbachev moved forward the date of his visit.

Before flying to West Berlin, Mr Mitterrand stopped over in Cologne to pick up Mr Helmut Kohl, the West German Chancellor. In another symbolic gesture, he called on Mr Richard von Weizsaeker, the West German President, at Bellevue Castle, his residence when visiting West Berlin.

First time

It was the first time an allied leader exercising sovereignty in West Berlin had paid a call on a West German President, who is not permitted to carry out official acts of state in the former German capital.

The French President reiterated his country's joint responsibility for the defence of the city, along with Britain and the US. France has 2,500 troops out of the 12,000-man allied military contingent in West Berlin, whose presence is large demonstrative. The allies are surrounded by more than 500,000 Soviet and East German troops.

Mr Mitterrand's novel gift to West Berliners for the anniversary was a missing ornamental frieze under the victory column erected after the Franco-Prussian war and depicting the unification of Germany. It was removed by the French in 1945 and taken to Paris.

Mr Gorbachev will visit East Berlin from May 28-30 to attend a Warsaw Pact summit conference and to pay his respects during East Berlin's anniversary year.

Celebrate

An attempt by the two halves of Berlin to celebrate jointly at least some aspects of their 708 years together collapsed late last month.

East Germany withdraw an invitation to Mr Eberhard Diepgen, West Berlin's mayor to attend the official East German anniversary ceremony later this year. District mayors of East Berlin also withdrew invitations to their West Berlin counterparts for what would have been the first such contacts since the city was divided in 1948.

East Germany blamed provocative speeches by Mr Diepgen and Chancellor Kohl for the cancellations.

President Reagan's visit to West Berlin on June 12 will be the briefest, four hours, but is causing security officials the biggest headache. Queen Elizabeth is to review a parade of British garrison troops for her birthday and will be given a glittering reception at Charlottenburg castle, former seat of the Prussian rulers.

Rheinmetall faces Iran arms inquiry

BY DAVID MARSH IN BONN

RHEINMETALL, the West German defence and engineering group, has become embroiled in an inquiry over an alleged illegal plan to sell sophisticated artillery to Iran.

The company, which said yesterday it knew nothing of such a plan, had its offices in Duesseldorf searched on Friday by police and state attorneys in connection with an alleged deal to ship the arms via Norway and Turkey.

The Rheinmetall holding company, which has activities in machinery, automotive engineering and weaponry, yesterday declared itself taken aback by the latest affair. The company said it would need time to examine the allegations.

The inquiry comes a year after a court in May 1986 sentenced three Rheinmetall executives and a former manager to suspended prison sentences for illegally exporting arms abroad.

The suspected deal which has attracted the attention of the West German authorities centres on an alleged proposal to ship 300 of Rheinmetall's 20 mm cannon to Iran

West German press reports said the deal—which was prevented from being carried out after the Norwegian press reported the affair last month—would have been worth about DM 100m.

West German companies need a specific exportl icence to sell arms outside the Nato area. The Government has followed a strict policy of not issuing licences for sales of weapons to warring countries or other so-called "crisis areas"—an area which clearly includes both Iran and Iraq.

Capacity use declines

West German manufacturing industry capacity use fell in the first quarter of this year, according to a report by the economic research institute IFO, Reuter reports from Munich.

An IFO report said manufacturing capacity use fell to an average 83.6 per cent in March from 84.7 per cent in December last year and compared with an average 85.1 per cent in September 1986.

Average orders in hand for work was 2.7 months in March, a fall from 2.9 months in December 1986.

Capacity use in the primary products sector fell to 82.1 per cent in March from 83.4 per cent in December. Capacity use in the capital goods industry fell to an average 83.4 per cent

Athens tries to defuse public funds scandal

By Andriana Ierodiaconou in Athens

THE GREEK Socialist Government is to submit a bill before parliament in the next few days requiring directors of public sector enterprises to disclose the sources of their personal wealth.

The bill was announced over the weekend by Dr Andreas Papandreou, the Prime Minister, in a bid to stem the flood of allegations of mismanagement of public funds likely to prove politically highly damaging to the socialists.

The proposed bill will expand existing legislation which requires politicians to provide details of their own and their families' salaries and other assets every year.

The new legislation will be retroactive to 1974, thus spanning the two conservative administrations which governed Greece between the collapse of the military dictatorship 13 years ago and the socialists coming to power in 1981.

The Government last week rejected a proposal by the conservative New Democracy Party, Greece's official opposition, for the immediate setting up of a special parliamentary committee to look into what the press and public have generically dubbed "the scandals."

The government argued that it did not want to preempt the judicial process and pledged that a parliamentary committee would be established once the cases had been through the courts.

Allegations of laxity in the management and use of funds in the public sector have been building up over the past few months, mostly in the form of press reports based on anonymous leaks in which fact has been difficult to distinguish from fiction.

The Greek public's response has been one of dismay laced with cynicism and in one case—that of the manager of a state bank branch accused of diverting funds to a soccer club—even sympathy. The Government was obliged to declare contributions to a fund set up in his support illegal.

The alleged scandals have generated alarmed commentaries in the press. "It is certain that the political life of the country will emerge from this climate of ethical and political decay only with difficulty," one leading newspaper columnist wrote.

Plea on S Africa

THE DUTCH Government has urged local companies to stop new investment in South Africa, according to a letter sent to the employers' organisation, Reuter reports from the Hague.

In the letter Mr Hans van Den Broek, the Foreign Minister, and Mr Rudolf de Korte, Economic Affairs Minister, call on companies immediately to abide by the European Community's decision to halt new direct investment in South Africa.

A Dutch law is not expected to formalise the sanctions until later this year, so the ministers decided to send the letter now. Some 30 Dutch companies have investments in South Africa.

W Germany to turn away foreign AIDS suspects

WEST GERMANY, which already has stringent anti-AIDS measures enforced in one of its states, will turn away at the border foreigners suspected of having the disease, the Interior Ministry said yesterday. Reuter reports from Bonn.

The ministry said it had instructed border guards to refuse entry to non-European Community nationals believed to be suffering from Acquired Immune Deficiency Syndrome or carrying the AIDS virus.

"This is aimed at protecting the West German population," the Ministry said, adding that tourists as well as foreigners applying for a residence permit would be affected.

Visitors would not be routinely tested for AIDS, but would be referred to health officials if they were suspected of having the disease.

Deutsche Aids Hilfe (German AIDS Help), which oversees a network of counselling centres, condemned the decision as "another step towards the creation of an AIDS state."

Three months ago, the right-wing Bavarian government of Mr Franz Josef Strauss announced a controversial package of anti-AIDS measures, including compulsory tests for prostitutes, prisoners and drug addicts.

Mr Friedrich Zimmermann, Interior Minister, is a member of Mr Strauss' Christian Social Union, one of the parties in the Bonn coalition government. Mr Strauss has pressed unsuccessfully for the Bavarian approach to AIDS to be adopted nationwide.

Moscow to act on hostages

THE Soviet Union said yesterday it had decided to join a UN convention which commits signatories to taking measures to prevent and combat the taking hostages, Reuter reports from Moscow.

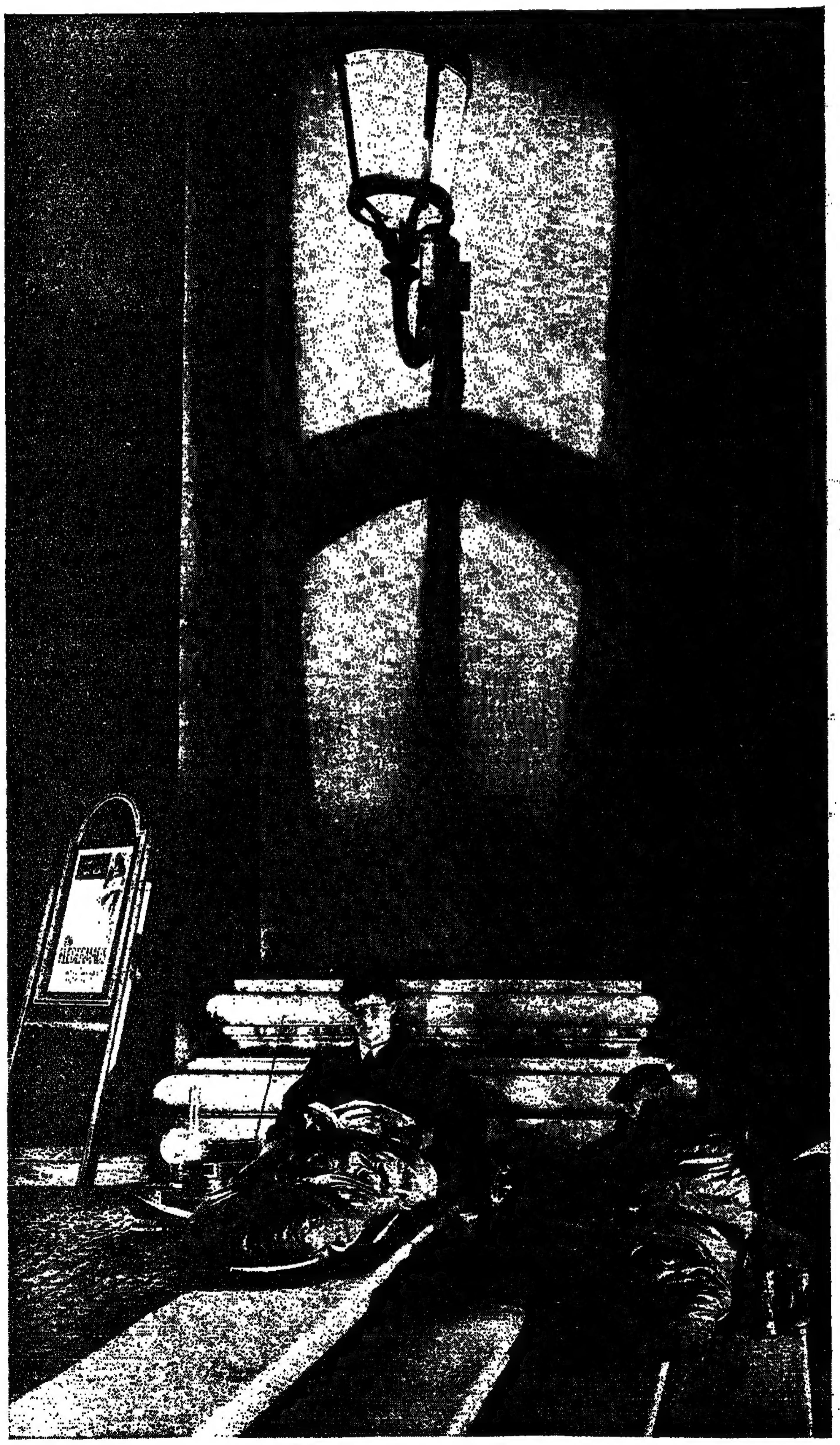
The country's highest state body, the Presidium of the Supreme Soviet, took the decision in a decree dated May 7, Tass, the official news agency said.

The convention was adopted by consensus by the UN General Assembly in New York in December 1979, about six weeks after the seizure of the US embassy in Tehran

Diplomats said about 36 countries had signed and ratified the convention, under which signatories undertake to punish hostage-takers "by appropriate penalties which take into account the grave nature of those offences."

AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT • AT SHERATON LITTLE THINGS MEAN A LOT

A NIGHT AT THE OPERA FOR THE GUESTS. THREE DAYS IN THE QUEUE FOR THE BELLBOY.



In Munich, tickets for the New Year's Eve opera are about as plentiful as snowballs in August.

(Except when the opera is Johann Strauss's 'Die Fledermaus.' Then the tickets are really difficult to get hold of.)

In fact, if you want a ticket you have to prove your dedication beyond all reasonable doubt.

Three days before the performance, you have to report to the ticket office at 6.00 am.

Two hours later you have to report again. And two hours after that, and two hours after that. And so on until 10.00 that night. (This soon sorts out the zealots from the merely enthusiastic.)

The next day, the same thing happens.

And on the third day (by which time only the fanatical fringe is left) you queue continuously from 6.00 am until you get a ticket.

So when two of our regular guests at the Munich Sheraton asked after tickets to 'Die Fledermaus,' all we thought we could offer was a sympathetic shrug.

But the concierge got to hear about it.

And the bellboys. And instead of our guests spending the best part of three days queuing, one of the bellboys volunteered.

Last year we spent millions refining our service.

If our staff respond only half as well as the bellboy from Munich, it will have been money well spent.

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Arab states 'oppose' PLO presence at Mideast peace talks

BY ANDREW WHITLEY IN JERUSALEM

JORDAN, Egypt and Saudi Arabia all agree that the presence of the Palestine Liberation Organisation at an international conference with Israel would be "an obstacle." according to Mr Leo Tindemans, the Belgian Foreign Minister and chairman of the European Community's Council of Ministers.

Speaking at the end of a two-day visit to Jerusalem, Mr Tindemans said yesterday he had learned from his earlier talks in Cairo, Amman and Riyadh that there was no support in those countries for direct representation of the PLO at the negotiating table.

"For them, the Palestinians should be represented (at the proposed Middle East conference) in a mixed Jordanian-Palestinian delegation," the Belgian minister told a press conference. Mr Tindemans has been touring the region on behalf of the European Community, following a declaration in Brussels last February by the 12 in favour of an international conference.

The Israeli inner Cabinet met yesterday to discuss the conference proposal being promoted by Mr Shimon Peres, the Foreign Minister. No statement was issued afterwards, but Mr Yitzhak Shamir, the Prime Minister, is understood to have tabled a counter proposal for direct negotiations with Jordan under the framework of the 1978 Camp David Agreement.

As expected, no decision was taken yesterday in what seems—by Israeli standards—to have been a relatively bloodless debate, to be resumed tomorrow at the inner Cabinet's regular session. Neither Labour nor Likud— evenly represented on the 10-member policy-making body—appear to have cenceded any ground or to have won support from the opposing side

With Mr Peres openly forecasting elections in the near future if the inner Cabinet fails to give him the support he is demanding, misgivings are meanwhile growing within his own party over where the Foreign Minister may be heading.

Visiting Israel at this delicate moment, Mr Tindemans was, not surprisingly, given little more than a polite hearing by his Israeli hosts, none of whom see a significant role for the European Community in the coming months.

World Bank suspends funds for Zambia

By Victor Mallet in Lusaka

THE World Bank has suspended disbursement of new funds for Zambia beacuse of arrears on previous loans, pushing the country deeper into crisis following President Kenneth Kaunda's decision to break with the International Monetary Fund (IMF), diplomats in the capital Lusaka said yesterday.

They said the World Bank, apparently owed more than $20m in arrears by Zambia, had decided to freeze new commitments but would continue to fund existing projects for which money had already been pledged. It is usual for a developing counry to default on payments to the World Bank, an important source of aid on concessional terms.

In Zambia the Bank has some $500m in loans to support economic reform as a whole and a variety of projects in industry, agriculture and other sectors. Like the Fund—to which Zambia owes some $250m in arrears—the Bank does not allow the repayment of its loans to be rescheduled.

Dr Kaunda announced 10 days ago that Zambia was abandoning its IMF-sponsored economic austerity programme.

Chris Sherwell in Sydney reports on an important mini-budget

Treasurer Keating in cutting mood

LIKE A practised football team besieged by conflicting advice from noisy spectators, Australia's Labor Government has been receiving endless recommendations from vocal interest groups volunteering their opinions on economic policy.

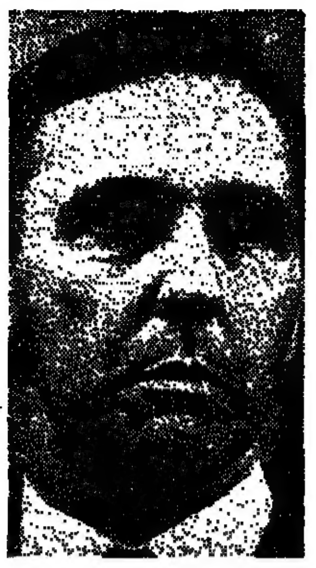
The focus for their counsel is tomorrow's long-awaited "expenditure statement"—the third urgent mini-budget in five years which Mr Paul Keating, Labor's aggressive Treasurer, has found it necessary to deliver.

For three months Mr Keating has pressed a "razor gang" of ministers into departmental spending cuts and other savings designed to bring an overshooting budget deficit back into line.

Over recent days opposition leaders, state governments, business groups, farmers representatives, banks, university economists, welfare groups, even ordinary members of the public have all sought to sway the government's thinking.

It is as though the statement were a full-blown budget. In fact, it is the first but most important step of a three-part strategy aimed at keeping the economy on a path of structural adjustment.

The second will come on May 25, at a crucial meeting of Australia's state premiers. They are likely to be pushed by the federal government to accept reduced funding and borrowing limits.



Keating: knife to defence.

The third and final step is the budget itself, which is due in August, a few weeks into the financial year starting on July 1. Only then are revenue and budget deficit projections for 1987-88 likely to look firm.

The Labor Government's overall aim is to resolve problems thrown up by a persistent decline in Australia's terms of trade—over-dependence on agricultural commodities and minerals, a giddily high current account deficit, swollen foreign debt and a weak currency.

The country is now experiencing high interest rates and inflation an over-large public sector, low domestic savings, weak investment and poor productivity.

To its credit, the government has not flinched from fundamental reform since winning power in March 1983. It has floated the currency, deregulated the financial sector, implemented radical tax reforms and sought cuts in industry's protective barriers.

But much remains untackled, especially on the labour front. The Government, with its consensus politics and both eyes on the election due by April next year, has determinedly avoided a plunge into recession and high unemployment, although the rural sector is suffering badly and business bankruptcies are rising.

The financial markets, while calm ahead of tomorrow's statement, are seeking genuinely tough measures from Mr Keating. With memories of last August's budget in mind, when the currency suffered a major setback, he may want to oblige them more than the voters.

Mr Keating's immediate target is the budget deficit. The 1986-87 deficit is overshooting last August's fovecast ofA$3.5bn by some A$600m. In the absence of any policy changes, the 1987-88 deficit figure will be A$6bn-A$6.5bn.

To bring this figure back to the same sort of proportion of gross domestic product as last year's targeted level, would entail cuts of some A$3bn. But many analysts are looking for more.

The Confederation of Australian Industry, the Australian Chamber of Commerce and two major banks, Westpac and ANZ bank, for example, have each recommended a budget deficit of A$2bn-$2.5bn, or cuts of up to A$4bn.

Leaks from the government indicate Mr Keating's main target for spending cuts has been defence, which has hitherto escaped the knife. A means test to curb family allowances to the better-off also seems possible.

Other controversial targets include pensions, which are currently indexed, medical bills, which are partly rebateable, and funding for higher education. But Labor's left wing remains quiet, so these may escape savings.

The two most interesting, however, are cuts in funding to the state governments, and a sale of government assets. Both are politically sensitive. The first would break Labor's promise to maintain a 2 per cent real increase in states' grants, the second its traditional commitment to public ownership.

Yet both seem likely. Spending by the states from reserves built up in previous years has kept the net public sector borrowing requirement at too high a level, undermining Labor's strategy. Its response will emerge at the premiers' meeting, if not tomorrow.

Possible assets for sale include dockyards, government factories, airport terminals and the Tokyo embassy. Better known entities like Australian Airlines are also being discussed.

With all this, expectations are running, high—so high that Mr Bob Hawke, the Prime Minister, was forced to issue a warning last week.

"Those who would set impossible targets for this, or for any government," he said, "must be able to answer this question, how should we balance our economic responsibilities with our responsibility for the poor and disadvantaged?"

The answer may only come when the true revenue position is known. For amid all the bluster about cuts, it has emerged that the new fringe benefits and capital gains taxes are yielding more than was ever forecast.

The noisy football spectators may therefore have to hold their breath until a result emerges after extra time, in August.

Australians baulk at tax changes, Page 35

Egypt floats pound

By Our Cairo Correspondent

EGYPT yesterday announced a partial flotation of the pound in line with the package of reforms under the draft agreement with the International Monetary Fund (IMF) which will pave the way for a $300m standby credit and a rescheduling of $12bn of its debts.

Banks will be allowed to fix rates for hard currencies to curb speculation. Mr Youfri Mustafa, Minister for the Economy, announced that the rate would be set daily, without interference from the Government, by a committee representing eight banks.

It fixed an immediate rate of E£2.165/2.170 to the dollar, compared with the recent rate of E£2.15 on the official market.

Mr Mohammed Salaheddin Hamid, Governor of the Central Bank, said that the measures were aimed at "attracting foreign exchange into the banking sector by setting a realistic foreign exchange rate."

Remittances from abroad, tourism receipts and private sector activities will be most immediately affected by the new "free market" rate which will involve a depreciation of the pound from the present official rate of E£1.35.

A particular aim is to channel into the official banking system savings sent home by Egyptian workers abroad amounting to about $2.5bn last year. Altogether the "grey market" is believed to handle $3 to 4bn a year.

The measure is seen as a significant move towards reforming Egypt's multitier exchange rate system in line with a commitment to achieve currency reunification within 18 months as required by the IMF.

The new rate will be used also for tourism revenue and commercial bank foreign exchange transactions as well as to finance 40 per cent of imports, mainly non-essential goods.

Public sector companies, which in the past have had to convert half their hard currency from exports at the official rate, will be allowed to change a larger proportion of their proceeds at the new floating rate, according to Western economists in Cairo.

S African homelands unrest

A WAVE of unrest and political instability has erupted in several of South Africa's black homelands, Anthony Robinson reports from Johannesburg.

In Transkei, Paramount Chief Kaiser Matanzima was yesterday banished from the capital, Umtata, by his brother the Prime Minister, amid mutual accusations of corruption and abuse of power. The latest power struggle comes five weeks after the expulsion of white Rhodesian ex-Selous scouts who were training the Transkei Defence Force and were also involved in two unsuccessful military raids against neighbouring Ciskei.

Meanwhile, in Kwandebele, 100 km north of Pretoria, petrol bombs have been thrown at the homes of chiefs and former ministers who are opposing last week's decision by a purged legislative assembly to seek "independence" for the impoverished homeland.

Korea politician spurns summons

Mr Kim Young Sam, the Korean opposition leader under investigation for allegedly defaming the state, said yesterday that he would refuse to answer any summons issued by state prosecutors, Maggie Ford reports from Seoul.

The prosecution department announced yesterday that it was also considering charging other members of Mr Kim's party including those who prepared the party manifesto and helped write Mr Kim's inauguration speech.

In the speech Mr Kim compared next year's Seoul Olympics with the Games held in Berlin under the Nazi regime,

US ships in Gulf

Mr Richard Murphy, US Assistant Secretary of State, said yesterday as he prepared to leave Baghdad that the US would do what was needed to secure free navigation for US ships in the Gulf, AP reports from Baghdad.

Filipinos vote in 'peaceful' election for legislators

BY RICHARD GOURLAY IN MANILA

FILIPINOS turned out in large numbers yesterday to vote for the first truly independent legislature in 15 years. There were only isolated instances of violence reported and few early signs of cheating. President Corazon Aquino's press spokesman said it was "the most peaceful election in the post-war period in the Philippines."

The complicated voting system means a reliable trend will only appear today and sure results are only likely two days later. In the only early indications of a trend, absentee military personnel who voted last weekend heavily favoured opposition senatorial candidates led by Mr Juan Ponce Enrile, the former defence minister.

Elements of the military have staged at least three unsuccessful coup attempts since Mrs Aquino took power in February 1986. Three months ago the military as a whole nearly rejected a new constitution on which Mrs Aquino had staked her credibility whereas the rest of the country approved it with a resounding majority.

There was only isolated violence. The military reported at least seven people killed in polling day violence, low by Philippine election standards. In Davao a booby trap in a ballot box exploded, injuring two people and elsewhere in Mindanao island Communist-led rebels burned a school house that was being used as a polling station. In the Moslem dominated island of Tawi-Tawi, the Commission on Elections postponed the poll in one notoriously violent area. Moslem separatists failed to agree a formula for regional autonomy with the government last week and threatened to resume a 14-year secessionist war.

Elsewhere, the Comelec reported that more than 80 per cent of the country's 26.5m voters turned out to elect 24 senators and 200 lower house representatives to the American-style bicameral legislature.

In Manila cockpits, meat and vegetable markets and school rooms were turned into makeshift polling booths where many Filipinos lolled around after they had voted soaking in the carnival atmosphere.

"I am very proud, it is the first clean and honest election in 15 years," Mr Aloy Yamzon said in one Manila suburb.

Shultz rejects conventional forces linkage

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR GEORGE SHULTZ, the US Secretary of State, yesterday rejected suggestions that Washington should link a deal on medium range missiles in Europe with an accord on a reduction in Soviet conventional forces.

In an article in Time magazine, appearing on the day in which he was meeting Mr Hans Dietrich Genscher, the West German Foreign Minister, Mr Shultz said: "To add a new demand now that an Intermediate Nuclear Force (INF) agreement be linked to conventional reductions which will undoubtedly take many years to negotiate would be tantamount to introducing a 'killer amendment'."

Last month former President Richard Nixon and Dr Henry Kissinger, who served as his Secretary of State, criticised the INF deal which the Administration is moving towards and amongst other things called for an agreement to be linked to conventional force cuts.

The mounting criticism from Republican foreign policy experts of the INF accord is a worrying phenomenon to the Reagan Administration which is concerned that it could begin to erode support for an agreement on Capitol Hill.

● Mr Caspar Weinberger, the US Defence Secretary, will try to convince Nato allies in Norway this week that global elimination of Soviet SS-20 missiles should be the bedrock of a superpower treaty on medium range nuclear rockets, Reuter reports from Washington.

"There may be a difference of opinion on how important it (the dismantling of all three-warhead, 3,000-mile-range SS-20s) is. That is one of the things I think we are going to be exploring in some detail," a US official said.

"I can tell you that we (the Americans) don't want any SS-20s left in the Soviet Union because it would be a counting problem, even if they are not targetted on Western Europe," another official said.

Mr Weinberger flies to Oslo today and Stavanger on tomorrow for a regular Western defence ministers' Nuclear Planning Group (NPG) meeting, which will focus on US-Soviet negotiations on INF.

It is another in a series of meetings between the US and its allies which Washington hopes will lead to a consensus on which and how many missiles should be removed from Europe and the Soviet Union under an INF agreement.

Sarney to sue over railway allegations

PRESIDENT José Sarney of Brazil is to sue a businessman who alleged that the head of state would benefit personally from a big Brazilian railway project, according to Mr José Tavares, the Transport Minister, Reuter reports from São Paulo.

The minister strongly defended the plan for a 1,570 km rail link between Brasília, the federal capital, and the northern state of Maranhão, the president's home state.

Critics of the \$2.4bn (£1.48bn) scheme argue that it would not be economically viable, and allege it would benefit business friends of Mr Sarney.

Mr Tavares said Mr Sarney was to sue over allegations by Mr Ariosto da Riva, a businessman, that the railway would pass through land he owns in Maranhã.

US 'considering' base on Moon

THE US is considering a manned Moon base to assert its leadership in space, Aviation Week and Space Technology Magazine reported yesterday.

The Moon base is gaining support as an option that would be quicker to achieve than a major exploration of Mars and would help prove the technology to make such a mission possible, the magazine said.

It quoted Nasa administrator Mr James Fletcher as saying: "I think the right way to go to Mars is by way of the Moon."

The magazine said that Nasa would this week begin issuing contracts to aerospace firms to provide studies of a lunar base.

It said Mr Fletcher and other senior space officials had been briefed on a Moon-base plan that would return US astronauts to the Moon as early as the year 2000.

The cost of a permanently manned base by 2005-2010 is estimated at \$80bn spread over 20 years, the same cost, as measured in current dollars, as the Apollo programme that landed a man on the Moon in 1969, the magazine said.

Mary Helen Spooner in Santiago on a document reflecting the ambitions of government officials

Chilean opposition faces test of strength

CHILE's Planning Ministry recently presented General Augusto Pinochet with a document containing policy recommendations for the Government's social and economic programmes over the next decade.

The Chilean leader's presidency is due to expire in March 1989 when a military-designated candidate – who could be General Pinochet – will run in a one-man plebiscite for another eight-year term.

The Planning Ministry document's ambitious projections suggested that Chilean officials assume the regime will extend well beyond 1989, almost to the end of the century.

The incident may have confirmed the worst suspicions of the Pinochet regime's critics, but it is far from clear that Chilean opposition groups will be able to successfully challenge such a plan.

Earlier this year, a group of 14 Chilean public figures, including a prominent novelist and a range of political leaders, announced a campaign for free elections in 1989. The initiative began last year but was temporarily waylaid by inter-party disputes and the downturn in public activity during the summer.

The movement's supporters privately admit that the campaign has taken a long time to get off the ground but maintain that it is the most promising initiative so far for resolving Chile's political crisis.

"The campaign has a national appeal going far beyond the political parties, but supported by the parties," said Mr Edgardo Boeninger, a Christian Democrat and director of the Centre for Development Studies, a Santiago research institution. He noted that an earlier proposal for a democratic transition – the Catholic Church-sponsored national accord – lost impetus as the political groups backing the plan vied for influences.

"What sterilised the national accord was the attempt to make it into a political coalition, which it never was," he said. "The opposition parties tried to push those who were closer to the Government into open opposition, and those further to the right tried to make those in the centre and on the left act as if they were not part of the opposition." To date, the political parties backing the free elections movement have behaved more responsibly, he said. But he cautioned that the next four months would be crucial in determining the campaign's success.

Chilean authorities claim to have undertaken a number of reforms designed to move the country closer to democracy. Earlier this year the regime passed a law authorising, and severely regulating the country's political parties which had operated in a legal vacuum since 1973.

Two daily newspapers, both with clearly anti-Government editorial positions, have been allowed to publish and a third newspaper is seeking official permission to circulate.

A document from the Chilean Planning Minister has confirmed the worst suspicions of the critics of General Pinochet (right), but it is not clear that the opposition will be able successfully to challenge the plan

The country's television stations, however, remain tightly controlled, although the Catholic University television network has slightly broadened its news coverage in wake of Pope John Paul's visit last month.

The Pinochet regime has also opened electoral registries in municipal government offices where Chileans over 18 years-old with valid identity cards may sign up to vote in the 1989 plebiscite. Chile's original voter registries were burned shortly after the 1973 coup.

Although most Chilean political parties have urged their followers to register, only a tiny percentage of eligible voters have done so. One resident of an affluent Santiago suburb who visited her municipal government office was astonished to learn she was only the 42nd woman who had registered to vote. The turnout in poorer areas is thought to be even lower, with many low income Chileans reluctant to spend the equivalent of about \$2 to renew their identity cards, plus the bus fare for the trip to the municipal government offices.

There is an internal debate underway within the regime over whether General Pinochet could win the plebiscite, whether an alternate candidate would have a better chance or whether General Pinochet would benefit from an open multi-candidate election in which Chilean political parties might divide the opposition vote in such a way to give him a plurality of votes.

Mr Alberto Cardmil, Chile's Vice Minister of the Interior recently said the period from 1989-97 would be one of "consolidating the institutionality" of the regime, with the armed forces continuing to play a major role in government and with considerable power to deal with accused terrorists. But disputes have broken out even among General Pinochet's most ardent supporters.

The Avanaza Nacional is a small pro-Pinochet political group which a former regime official has accused of being a front organisation for the CNI, Chile's widely feared secret police. Last month the Avanzada Nacional formally announced itself as a political party, and distributed a music cassette which included a song entitled "Take the hard line, Pinochet".

A few days later, however, the group announced it was taking disciplinary action against one of its leaders, Mr Eduardo Rioseco, for speaking too frankly to a Chilean magazine.

In the interview Mr Rioseco praised Chile's defunct National Socialist Party, described Germany's Third Reich as "a truly incredible party", and said the country's inhabitants were completely uninterested in political participation. He also said the Avanzada Nacional viewed itself as part of the regime.

"We consider ourselves the Government. We are not in power, we are the power," he said.

Reported crime in US increases by 6%

BY NANCY DUNNE IN WASHINGTON

THE NUMBER of reported crimes in the US rose by 6 per cent last year — the biggest increase in seven years—as the number of convicted criminals serving time in institutions reached a record, according to two new reports.

The Federal Bureau of Investigation found crime in 1986 rising most rapidly in cities and the southern states. Violent crime rose 12 per cent while the number of property crimes reported to the police went up 6 per cent.

Part of the increase was due to greater reporting of crimes, the report said. It estimates, even so, that only 37 per cent of all crimes and 50 per cent of all violent crimes were reported to police last year.

The public view that courts have been too soft on criminals has led to longer prison sentences and more convicted lawbreakers.

According to the second report, by the Justice Department, the prison population rose 8.6 per cent in 1986.

Since 1980, the US prison population has increased by about 66 per cent

Cuba set to hold talks on debt

BY MARGARITA ZIMMERMAN IN HAVANA

TALKS between the Paris Club of government creditors and Cuba, on rescheduling the 1987 maturities in Cuba's \$1.9bn (£1.15bn) hard-currency debt, are to be held here from May 26 to 29.

The sum involved is believed to be about \$120m, although no figure has been publicly given in Havana.

The most recent report of the Cuban central bank, dated December but not distributed to creditor country diplomats until March, stressed that negative factors present in 1986 persist. These obliged Cuba to declare a 90-day suspension of interest payments.

The report said Cuba would be unable to fulfil its foreign obligations without an adequate inflow of resources, preferably new liquid facilities.

Cuba's hard - currency debt stands at \$4.7bn, but this somewhat arbitrary figure is based on a rate of \$1.13 to the peso. The debt, however, has been contracted in non-dollar currencies, especially the D-mark, which have been appreciating against the dollar.

A decline in government-to-government credits has been partially offset by an increase in supplier credits, up from \$376m to \$1.019bn in the year to September 1986. Negotiations for such credits have been on a company-to-company basis.

Mr Ricardo Cabrisas, Foreign Trade Minister, recently announced that negotiations have been going on with Japanese suppliers and he expected Japanese imports to be similar to the 1986 level—\$300m.

According to President Fidel Castro, hard currency imports this year are being cut to the peso equivalent of 600-650m.

Performance this year has been poor in key export, and import substitution, sectors. The sole exception has been tourism, with earnings slightly above projections. Last year, tourism brought in about \$100m.

Last month, General Castro revealed that the vital sugar harvest was 800,000 tons behind schedule due to unseasonal rainfall. In 1986, sugar production was only 7.4m tons, largely due to adverse weather, against 8.1m tons in 1985.

BAe places order to tempt India

BY JOHN ELLIOTT IN NEW DELHI

BRITISH AEROSPACE is placing a contract with Hindustan Aeronautics, India's government-owned aircraft manufacturer, in the hope the move will improve the chances of its ATP airliner winning an Indian order worth $300m. The Indian group is to make 150 tail planes for the ATP in a deal worth £6.5m.

BAe is one of several international aircraft manufacturers which have offered countertrade and other offset provisions covering up to the entire *foreign exchange cost involved.*

The proposed order is for between 12 and 17 aircraft, with 40 to 65 seats, to be delivered over the next three years to Vayudoot, India's rapidly expanding third airline. It is likely to lead on to further orders.

BAe is offering its 64-seat ATP turbo prop, with arrangements for countertrade and for some payments to be made in rupees. This is in addition to the offset provided by the tail-plane contract, which is to be signed in New Delhi on Thursday, and would be expanded to include other components if the UK won the Vayudoot order.

A broad memorandum of understanding is to be offered later to Hindustan Aeronautics *(HAL) by BAe to cover this* component manufacturing. Similar orders for rudders and flaps are being placed in China and Greece, which BAe also hopes will buy its aircraft.

In addition to the ATP, other aircraft being offered include the Saab-340 from Sweden, de Havilland's dash 8 from Canada, the F-80 from Fokker of Holland, the French-Italian ATR-42, plus aircraft from a Spanish-Indonesian consortium and Brazil.

Saab is believed to have suggested all payments be made into a rupee account in India instead of in foreign exchange abroad. Soft financing arrangements are also being offered in what is turning out to be a tough commercial battle.

The emphasis on counter trade is in line with a new Indian Government policy introduced at the end of last year. Air India has persuaded Boeing to organise countertrade to cover 28 per cent of a $300m (£182m) contract now being finalised, even though there are no rival bidders involved. The order will be for two 747-300 passenger-freighter aircraft and one 747-200.

The BAe offer was discussed in New Delhi yesterday at a meeting between Government representatives and Mr Michael Spicer, the British Aviation Minister.

The UK is also bidding for a contract worth about £45m to modernise air traffic control and air navigation systems at New *Delhi and Bombay airports.* The bid has been submitted by the UK Airports Group, comprising IAL, Cossar, Racal, and Marconi, and is backed by more than £15m of aid in the form of grants.

Scott Paper considers $600m investment in Indonesia

BY JOHN MURRAY-BROWN IN JAKARTA

SCOTT PAPER Company, one of the largest paper manufacturers in the US, is considering investing $600m (£363m) in a plantation and pulp facility in Irian Jaya province in the far east of Indonesia.

It would be one of the biggest projects outside the oil and gas sectors and would provide the Government with a welcome boost after foreign investment fell to $826m last year from a high of $2.8bn in 1983.

Indonesian officials confirmed yesterday that "serious discussions" had taken place, but Scott said talks had touched only on "resource utilisation" and any estimates of the project's worth had no substance.

Scott is also reported to be looking at other sites in South East Asia.

Industry officials in Jakarta say Scott is considering a 200,000 hectare estate investment, growing eucalyptus to be processed for paper and tissue manufacture. The likely partner in the venture is P. T. Astra, a Chinese-owned private industrial conglomerate with interests in car assembly and agribusiness in Sumatra.

Any investment is sure to face formidable obstacles in the largely unexplored jungle region the size of Spain where crocodiles are said to outnumber the 1.3m natives.

Added to this is the simmering separatist movement with native tribesmen calling for the defence of land rights.

EC repeats warning on Japanese tariffs

By Ian Rodger in Tokyo

THE European Commission reiterated yesterday that it is considering the use of tariffs and volume restraints to prevent the diversion of Japanese electronic products from the US.

The EC has been concerned about the possible impact in Europe of the US imposition of 100 per cent tariffs last month on selected Japanese electronic goods. The tariffs were in retaliation for Japan's alleged failure to respect last year's bilateral semiconductor agreement.

The EC fears Japanese manufacturers will intensify sales efforts in Europe as a result of the tariffs and has warned the Japanese Government that steps would be taken to prevent diversion.

Mr Hugh Richardson, deputy head of the EC mission in Tokyo, told a press conference the EC had already put into force a regulation requiring importers of these products to seek authorisation for imports. This enabled the commission to monitor them daily.

If any surge took place, the commission would act to restrain them, either through the application of tariffs at the same level as those applied in the US or through volume restrictions.

He said both these actions would be in line with the General Agreement on Tariffs and Trade provisions

Mr Richardson was speaking on the EC's "Annual stocktaking" of its relations with Japan. He said the widening trade imbalance between the two was worrying. "Something massive" had to be done to increase imports from the EC to Japan, or the situation was going to get out of hand,

The 8.6 per cent increase in the yen value of EC imports to Japan in the first-quarter was good news, he said, but it was overwhelmed by the 10.9 per cent rise in Japan's exports, made from a much larger base.

Japan's trade surplus with the EC in 1986 was Y2,825bn (£12.25bn) and, if the trends of the first-quarter continue, it would rise to Y3,188bn this year.

China becomes choosy about foreign investment projects

Robert Thomson assesses the effects of Peking's political turbulence on potential investors

THE DOORMAN for China's "open door" policy, Gu Mu, a ponderous but powerful state councillor, attributes foreign *investors'* fears about political instability to "a lack of understanding" and "our different way of thinking."

Despite Gu's affection for a theory of "Chineseness" that sets the race apart from all others, including investors, from whichever direction China's political turbulence is approached, the foreign investment scenario is not encouraging.

Gu himself admitted, and seemed to be proud of the admission, that investment this year would be lucky to equal that of last year, when contracted foreign investment fell 47 per cent to $3.31bn, the first fall since China opened the door in late 1978.

Like other China-watchers, foreign business people resident here have been looking for signs that the dismissal in mid-January of the Communist Party general-secretary, Hu Yaobang, and the subsequent removal of several ministers, have affected Peking's attitude toward investment.

Since Hu's fall, Chinese leaders ranging from the acting party chief Zhao Ziyang, to senior conservatives such as Bo Yibo, have emphasised the importance of the "open door" and foreign companies have been told that China wants and needs their help.

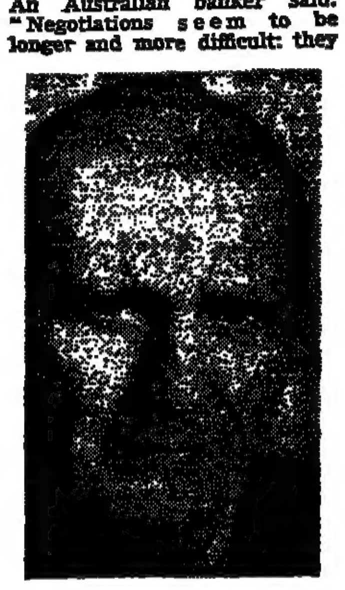
The cost to investment of the *political* turmoil is as difficult to quantify as confidence itself. From the foreign perspective, there is the threat of ongoing instability and the fear of sudden policy changes that could leave long-term joint venture partners beached. From the Chinese side, this is not a period in which gung-ho Chinese entrepreneurs should stand out from the masses.

Instead, the present is a time for caution by Chinese enterprises, which must be conscious that the Communist Party is exerting more control over the country and must be hesitant for fear that any ambitious joint venture plan could be criticised by a party emphasising 1950s values such as thrift and struggle.

Yet the side-effects of the political problems are by no means fatal and are still a secondary consideration to the practical problems of doing business in China. Contracts are still being signed. Last week, an Electronic Data Systems Corporation joint venture for a computer centre was finalised and an Australian venture to co-produce plastic piping has just been agreed, although it took two years of negotiations.

A Western diplomat said that *foreign* companies "do not really understand what is going on here." The diplomat suggested that "as long as there is money, the companies will come" and "most don't know what a party general secretary is."

However, a British banker expects the year to be lacklustre: "There is not going to be any dramatic change either way this year in investment." An Australian banker said: "Negotiations seem to be longer and more difficult: they are still short of money. They may disguise it, but they are looking for compensation trade and the logistics of putting a project together is extraordinarily difficult."



Baldrige: critical of Chinese investment enticement package.

From conversations with many company representatives, it is clear that almost all believe the biggest problem in China is not politics but China's chronic shortage of foreign exchange. Few companies believe that a 22-point investment enticement package delivered last *October* by the Government has had much effect on the investment climate.

The package included ceilings on often extortionate staff salaries and limits on arbitrary charges introduced by local governments, as well as longer tax holidays for joint ventures exporting at least 70 per cent *of output or that* involve the transfer of high technology.

Mr Malcolm Baldrige, the US Secretary of Commerce, said in Peking last week that the package had addressed but not solved many of the problems raised by foreign investors. He pointed out that the Chinese Government has made a special effort for high-profile projects such as the American Motors Corporation jeep plant in Peking which was bailed out last year, yet ordinary projects are left to languish.

China remains frustrated by the reluctance of Japanese companies to invest here and the Japanese are now noticeably more cautious than other countries in assessing China's investment worth. Western diplomats suggest that reports that Hu Yaobang was criticised for his close relationship with Japan are partly responsible for the present caution, as is a growing chill in relations between the two countries.

Investment by Hong Kong *companies is still* by far the largest, running at about 55 per cent of the total, while Japan, China's largest trading partner, and the US are responsible for about 13 per cent each. Meanwhile, China's choosiness about project types—new hotels are now frowned upon, for example—is likely to result in a fall this year in service industry projects, which have comprised just over half of total investment.

US chip-makers in bid to conquer the world

***Louise Kehoe* on Sematech, a $1.3bn manufacturing venture aimed at fending off Japanese competition**

THE US semiconductor industry is pressing ahead with plans for Sematech, a co-operative manufacturing venture aimed at fending off Japanese competition and restoring the industry's world leadership in technology.

The Semiconductor Industry Association, the US chipmakers' trade group is expected to unveil details of the plan this week and soon will make formal requests for government funding of the $1.3bn (£787m) six-year project.

Sematech, the idea of the president of National Semiconductor, Mr Charles Sporck, will involve an unprecedented industry-wide pooling of financial and technical resources to develop next-generation chip manufacturing processes. Contributors to the project are expected to include all of the major US chip-makers as well as several major chip buyers and companies that supply production equipment and materials to the semiconductor industry.

Membership contributions are expected to be scaled to the size of the member companies, to enable small firms to participate. Only US companies will be eligible.

Mr Sporck told congressmen recently that Sematech represented a response to the Japanese challenge," a recognition that, in order to remain competitive internationally, we need to achieve a far higher degree of co-operation among ourselves."

Sematech will require Government support, Mr Sporck says. He estimates the cost of the project at approximaetly $200m in its first year of operations and $230m a year for the following five years.

"These requirements are beyond the ability of any company or group of companies in this industry to satisfy. Sematech is asking for the US Government in invest in the project with industry on a 50-50 basis, matching indnstry funds with government money.

"US Government participation in Sematech is an investment and should be distinguished from a subsidy or a bail-out."

Sematech has won significant support in Congress and the Government, where it is seen as a solution to two pressing issues—the Japanese challenge to US high - technology superiority and the increasing dependence of the US military on foreign chip suppliers.

US and Australia facing 'crisis' over aviation rights

BY CHRIS SHERWELL IN SYDNEY

A ROW between Australia and the US over aviation rights has resulted in Canberra renouncing a capacity agreement and Washington speaking of a crisis and hinting at retaliation.

The breakdown came at negotiations between the two governments last week, the fourth round in a year. The two now enter a limbo period, with uncertainty hanging over future capacity controls, which could threaten tourist arrivals.

The affair also complicates the strained economic ties between the two, which enjoy a close defence and security relationship. Australia has been angered especially by Washington's subsidised grain sales, most recently to the Soviet Union.

At issue now is the operation of a memorandum of understanding on capacity between the two countries

Australia has given six months' notice terminating the memorandum. Washington says Canberra has "created a crisis in US-Australia aviation relations" and hinted at action over further Qantas flights.

The dispute escalated yesterday when Mr Peter Morris, Aviation Minister, said the US was trying to intimidate Australia.

Qantas, the state-controlled Australian airline, now has 19 flights a week to the US, with a 20th due to start next month. Continental and United, the two US airlines, have 28.

Under the memorandum, either side can request capacity increases. If there is an objection, the extra flights can be tried for six months.

For several years Australia has felt the memorandum is biased in favour of the US, but was incensed recently by Continental's request to increase services and its plans to replace half of its DC-10 flights with 747 jumbos.

The US, pointing to the sharp rise in US tourists to Australia, argued that the airlines were prepared to take the risk of empty seats.

But Canberra said this was a classic case of attempted dumping

APPOINTMENTS

Chairman of Rentokil

Mr David Newbigging has become non-executive chairman of RENTOKIL GROUP, on the retirement of Mr W. H. Westphal. A former chairman of Jardine Mattheson & Co, Mr Newbigging is deputy chairman of the Provincial Insurance Group, a director of the National Coal Board, and is an adviser to British Telecom and other organisations concerned with international business and investment.

★

GRESHAM HOUSE has appointed Mr John N. M. McLean as finance director. He was group financial controller.

★

Mr Peter Green has retired as chairman of EVANS HALSHAW HOLDINGS but remains a non-executive director. He is succeeded by Mr Geoffrey Dale, who remains joint managing director with Mr Anthony Archer.

★

Mr Warwick Newbury has been appointed deputy head of financial services division at COUTTS & CO. He was the bank's insurance sector manager and had special responsibility for the Lloyd's market.

★

Mr W. J. McMichael-Phillips has become president of the DAIRY TRADE FEDERATION for two years. He is group general manager, milk group, of the Co-operative Wholesale Society.

★

Mr R. K. Romer-Lee and Mr R. J. W. Titley have been appointed directors of SEDGEWICK.

★

ASSOCIATED TUNNELING, a subsidiary of A. Monk and Co, a member of the Davy Group, has made the following executive management changes. Mr S. G. Draper has retired. Mr M. C. Clarke has been appointed managing director. He has been a director since April 1 1983. Mr M. H. Couchman remains chairman and other directors are Mr J. A. Sankson, Mr C. A. Tibble and Mr G. W. Tuffs.

★

Mr Colin Heald has been appointed to the board of AMSTRAD as group manufacturing director. He joins from Avnet International (Taiwan), where he was general manager. He will be responsible for Amstrad's manufacturing plants at Shoeburyness, Essex and Hong Kong, together with all manufacturing activities undertaken for the group.

★

ALLIED DUNBAR has appointed Mr Raymond Stokes to the new post of director of European international equity investment in the investment division's equity department. He was European investment manager with the Murray Johnstone investment management group.

Eagle Star Group posts

Following the reorganisation of the EAGLE STAR GROUP into five operating divisions, the executives of the new Life and Investment Management Services (UK) division will be as follows:—Mr R. E. Brimblecombe, chief executive; and as divisional directors Mr N. R. Crompton, management services; Mr J. G. Douglas, sales and marketing; Mr R. F. Hubbard, pensions and operations; and Mr A. J. Russell, actuarial and finance.

★

Mr Edwin Davies and Mr John Stokes have been appointed to the NFC PROPERTY board as development directors. Mr Davies, who will take up his appointment on June 1, has been development director of Laing Properties, Mr John Stokes senior development manager of NFC Properties. The NFC Property Group is part of the employee-owned National Freight Consortium.

★

Mr David J. Berkeley and Mr Michael J. C. Watts have been appointed to the board of BROWN, SHIPLEY and CO. Mr Berkeley is executive director of Brown Shipley (Jersey) and Mr Watts was a director of Morgan Grenfell Finance.

★

MOORES & ROWLAND has taken into equity partnership Mr Charles S. Bunker (corporate finance, London) and Mr Ronald Ludwig (tax, Edinburgh). The following have been admitted as salaried partners: Mr Christopher Chadburn (tax, London), Mr Michael Lawson (management consultancy, London), Mr John Turner (tax, Walsall) and Miss Margaret Wakeling (audit, Sevenoaks).

★

ARMITAGE BROTHERS, Nottingham, has appointed Mr Russell Taylor as chief executive. He has been managing director of Anglia Canners, part of Associated British Foods, for the last four years.

★

Mr Christmas Phillips has been appointed chairman of HOLDEN HYDROMAN, Bromyard, Herefordshire. He succeeds Mr W. J. (Bill) Holden, founder of the company, who will continue as a non-executive director. Mr Phillips has been a non-executive director of Holden Hydroman since November 1985.

★

LEEDS & HOLBECK BUILDING SOCIETY has appointed Mr T. G. Turnbull as president. He is senior partner in Scott Turnbull & Kendall, who have been associated with Leeds and Holbeck as head office solicitors since the incorporation of the society in 1875. Lord Marshall of Leeds has been appointed vice president of the society.

★

Mr James S. MacLeod, a partner in the Edinburgh office of Arthur Young, has been appointed a visiting professor in taxation in the department of accounting and business method in the University of Edinburgh.

UK PETROLEUM INDUSTRY ASSOCIATION has elected Mr D. W. Kendall (BP) as its president. Mr N. G. Roden (Conoco) and Mr D. Clayman (Esso) are vice-presidents and Mr C. S. Walsh (Elf) is treasurer. All are managing directors within their respective organisations.

★

MOUNTLEIGH GROUP has appointed Sir Ian McGregor as a non-executive director. He is a former chairman of the British Steel Corporation and the National Coal Board.

★

Mr Keith Turpin, formerly manager with D. G. Bean and Co., corporate finance advisers, has joined the corporate finance department of TOUCHE ROSS SECURITIES in Manchester.

★

Mr Michael Milbourn and Mr Peter Sargeant have joined STANDARD CHARTERED MERCHANT BANK as executive directors to form a unit which will be engaged in the trading of LDC debt and related activities. They were formerly with Libra Bank. Joining them, also from Libra, are Mr Michael Brook and Mr Jean-Louis Dazin, assistant directors, in London, Mr William D. Hayes, senior vice president, Mr Ian Tweedley, vice president, in New York, and Mr Hans Ostlund, assistant director, in Chile.

★

Mr Brian B. Havill has joined PAINEWEBBER INTERNATIONAL CAPITAL INC LONDON, as executive director responsible for developing leveraged buyout business in Europe. He comes from Citicorp Investment Bank in London where he was director and vice president of Citicorp Venture Capital.

★

Mr Robin N. Crichton, chairman and managing director of City Management, has been appointed a non-executive director of AUTHORITY INVESTMENTS.

★

SILENTNIGHT HOLDINGS has made the following management changes: Mr Arthur Beattie is returning to group headquarters to take up a range of duties after serving as managing director of Silentnight Beds. He will be succeeded by Mr John Dunthorne, managing director of Buoyant Upholstery. Mr Beattie remains a director of the holdings board. Mr Dunthorne will be succeeded by Mr John Robson, group marketing director, who also becomes chairman of the upholstery division. Mr Bill Simpson, managing director of Sherbury, the group's buying company, will in future be responsible of all services including group engineering. Mr Roy Rodger, general manager of Easy Upholstery, becomes managing director.

★

STURGE HOLDINGS has appointed Mr C. J. Pumphrey, chairman of Wise Speke, stockbrokers based in Newcastle-upon-Tyne, as a director.

★

FERRANTI has appointed Mr Albert E. Dodd to the board. He is managing director of Ferranti Instrumentation. Mr Lester J. George has retired from the board.

★

Mr Frederick Copson has resigned as chairman and director of F. COPSON. Mrs Florence Copson has also resigned from the board, and Mr Copson has been appointed life president. The financial director, Mr David Kingstone, and Mr Bryan Oxby have been appointed joint managing directors. Mr Kingstone will act as chairman. Mr Carl Beeching joins the board as plumbing sales director.

★

Dr Christopher Deeley, an executive director of ICI Australia, has been appointed managing director and chief executive officer of ICI Australia from September 1. He succeeds Mr Chris Hampson, who joins the ICI main board as an executive director on the same date.

★

Mr Graham A. Cloake, Mr Derek V. Long, Mr Nathan V. Moss and Mr E. Roy Withear have been appointed directors of GREENWELL MONTAGU STOCKBROKERS, private client stockbroking and agency business in the UK banking sector of Midland Bank Group.

NFC to seek vote on share market flotation

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SHAREHOLDERS of the employee-owned National Freight Corporation (NFC) will be asked to vote on a stock market flotation at the next annual meeting, Sir Peter Thompson, company chairman, said yesterday.

Sir Peter said a flotation was regarded as "inevitable" in the long term, despite an overwhelming vote at the last annual meeting to keep ownership largely in the hands of employees.

He said the board was "looking hard" at the prospects for a flotation, but it was reluctant to come to the market without the wholehearted support of the present share holders.

A survey of the employees' view is being carried out by Mori, the opinion poll organisation, and their report is expected in August.

Sir Peter made clear, however, that the board would not be rushed into seeking a quotation.

"We could continue to run the business on the cash flow and resources we already have for the next three years," he said.

The corporation is 83 per cent owned by 27,500 individual shareholders, of whom 65 per cent are current employees, and the rest mainly relatives and company pensioners. A further 17 per cent of shares are owned by institutional investors.

The shares are traded on an internal market on the basis of a quarterly "fair value" price. The corporation is capitalised at more than £400m on the basis of the share price set for the next dealing day in June.

The company yesterday announced an increase of 27 per cent in pre-tax profits for the six months to March 21, to a record £16m. Operating profit was up 24 per cent to £25.6m on a turnover of £394m, up 13 per cent.

Strong growth was reported in the US, which contributed 17 per cent of operating profits. Dauphin Distribution Services, acquired last year, was described as "a perfect springboard" for further growth.

Mr John Mather, chief executive, said revenue growth had continued in all the corporation's operating divisions, although problems remained in the parcels operation, general haulage, and computer software.

WARNING TO US OVER CYCLE OF PROTECTIONISM

Textiles face trade 'nightmare'

BY ALICE RAWSTHORN

ANY PROTECTIONIST legislation on textiles by the US would result in a trade nightmare, Mr Jean-Pierre Leng, a European Commission special representative for textile negotiations, said in London yesterday.

If the US Congress adopted the textile and apparel trade bill now before it, the world textile industry would enter into a disastrous cycle of protectionism he told an FT conference.

It would "render meaningless" the Multifibre Arrangement (MFA) and would jeopardise the present round of multi-lateral trade negotiations under the aegis of the General Agreement on Tariffs and Trade (Gatt) in Uruguay.

Mr Leng said that the weakness of the US dollar had already increased the flow of textile and clothing imports from the US to Europe, and that this problem had been compounded by a parallel influx from the Far Eastern textile markets which traded in dollar-related currencies.

The introduction of protectionist legislation in the US would, he said, intensify this flow of exports, thereby imposing further pressure on the European textile industry.

From the US viewpoint, Mr Jerome Link, vice-president of Cimco, a subsidiary of Hoechst Celanese, told the conference why US manufacturers believed that their industry needed the protection of what he called a "form of more regulated fair trade."

Although the US industry had reaped the benefits of improved productivity, higher investment in research and design and joint initiatives such as the Crafted with Pride consumer campaign, Mr Link said that the problem which began in the early 1970s with the influx of cheap imports had not only intensified but spread from textiles into other sectors

Mr Link was alone among the speakers in favouring protectionism. Mr Norman Sussman, chairman of the British Clothing Industry Association, spoke of enormous implications of the US textile and apparel trade bill on the existing regulatory framework.

Mr Madan Mathur, deputy director-general of the Gatt, said that it was "not possible to justify the damage" that such legislation would cause.

Moreover, the textile industry now needed to reduce, rather than augment the regulation of trade. Although the present MFA was in many respects less complex and more liberal than its predecessors, Mr Mathur claimed that it imposed too rigid a structure on production and exports in both importing and exporting countries.

He advocated the phasing out of the arrangement, leaving textiles, like most other industries, under the aegis of the general Gatt provisions.

FT CONFERENCE
World textiles into the 1990s

Recent improvements in productivity and profitability ensured that the European industry at least would be in relatively good shape should the MFA be withdrawn, said Professor Aubrey Silverston, professor of economics at Imperial College, London. The US industry would be more vulnerable, he said, but in Europe, where advances in technology had diminished the importance of labour costs in determining competitive advantage, the industry, although adversely affected, would not be destroyed.

Building on these improvements, would be crucial to the European industry in the future, argued Mr Ian MacArthur, director of the British Textile Confederation. He said that, given the sluggish state of the world market for textiles, increased competitiveness was the key to future growth.

Miss Jean Muir, the fashion designer, explained how responsiveness to fashion and its trends had become increasingly important. Similarly, Mr Josef Hutter, president of the Enka Group, emphasised the importance of innovation, specifically in the manmade fibres sector.

Efforts of individual manufacturers could, however, be augmented by wider European initiatives in the areas of design, research and development, education and exhibitions, co-ordinated by the European Commission for its member states, said Mr Thierry Noblot, director of economic affairs at the Union des Industries Textiles.

Mr Karl Engels, director of fibre sales for Hoechst, said that barring adverse factors such as currency instability, trade malpractice or major market distortions, the outlook for the European textile industry was "safe and sane".

Prospects for the Far Eastern producers were brighter still, said Mr Kayser Sung, editor-in-chief of Textile Asia. He argued that Hong Kong and Taiwan would fare well in the future, helped by favourable trading relationships with the US.

European sales of Amstrad computers top all other rivals

BY DAVID THOMAS

AMSTRAD, the fast growing UK consumer electronics company, sold more personal computers in Europe last year than any other company, according to a US-based computer industry market research body.

Most of Amstrad's sales were for the home, according to the report to be published next month by International Data Corporation.

But IBM, the US computer company, sold most machines into the higher value business market.

Amstrad's personal computer sales increased overall to 1.75m units last year, representing a third of all personal computers sold in Europe. About 180,000 of these came from its IBM-compatible PC1512, which was launched last September.

Commodore of the US came second after Amstrad, with 1.2m sales, followed by IBM (365,000), Olivetti of Italy (205,000), Apple of the US (150,000) and Atari of the US (125,000).

Sales of business personal computers rose by a third last year to 1.66m, but sles into the home dipped 6 per cent to 2.9m.

In the UK business sector, the report says, Amstrad's unit sales rose 53 per cent to 80,000, more than any other company. IBM's UK business sales fell 11 per cent to 70,000, according to the report.

Personal Computers 1986. IDC, 2 Bath Road, London W4 1LN. £2,000.

March credit business jumps to record £3.2bn

BY RALPH ATKINS

CREDIT ADVANCED by finance houses, retailers and credit cards companies increased to a record £3.2bn in March against £2.9bn in February. Since December, total new credit has increased by 16.3 per cent.

The seasonally adjusted figures released by the Department of Trade and Industry also show fresh borrowings of £8.9bn in the first quarter of this year.

There was a large increase in advances on bank credit cards to £3.9bn in the first three months, an increase of 11 per cent rise on the last quarter in 1986.

Credit extended by retailers rose 1 per cent to £1.24bn, while borrowings from finance houses and other specialist credit grantors advanced 9 per cent to £3.8bn. Consumers accounted for most of the increase.

The figures for March follow a large increase in February, probably due to a delay from January when credit was depressed by bad weather.

Total credit outstanding in March was £24.9bn, compared with £24.4bn in February and £23.8bn in December 1986. The strength of consumer credit, however, is not reflected in figures for the volume of retail sales, also published yesterday.

Final figures for March show retail sales, seasonally adjusted, falling by 1.2 per cent, in line with the department's provisional figures. The fall follows a 2.2 per cent rise in February.

The March figure for the volume of retail sales index of 125.5 (1980-100) is the lowest since October, apart from January which was hit by severe weather. The index has been rebased to take a more detailed account of spending patterns.

Despite the fall, the department believes the trend is still upwards. The volume index of retail sales for the first quarter of 1987 at 125.4 is 5.1 per cent higher than the same period in 1986.

The figures for the next few months will be underpinned by buoyant consumer credit, but will also be helped by tax cuts, lower mortgage rates and the late Easter.

Scottish post office offers stockbroking

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

A SCOTTISH post office has become the first in Britain to offer stockbroking services.

Allied Provincial Financial Securities has introduced a stockbroker into a corner of the post office's customer area in Edinburgh. He will offer financial advice on unit trusts, shares and insurance and carry out transactions over a direct telephone link to the firm's local office. Later, he may be equipped with a TOPIC screen.

The scheme is a pilot project to find out if post offices are suitable places to conduct financial business and whether they will attract people who might otherwise not approach a stockbroker. "The days when shares were owned by a wealthy minority have gone," said Mrs Wendy Goldstraw, a post office spokeswoman.

Allied Provincial was formed last year out of eight provincial brokers, on the initiative of Parsons and Co of Glasgow. It originally approached the post office to market its personal equity plans (PEPS).

The pilot project has been broadened to cover advice on all financial services. If the experiment is a success it will be extended to post offices throughout the country.

Rank lifts film budget

BY RAYMOND SNODDY

THE RANK Organisation is increasing its investment in film production by $90m.

It announced yesterday at the Cannes Film Festival that it had established a $100m film finance fund to be managed by Rank film distributors.

This compares with their investment in films last year of about $10m.

Mr James Daly, head of Rank Film and Television Services, said yesterday that Rank was increasing its investment in international film production to obtain distribution rights, mainly outside North America. The fund will be used to negotiate film and video rights for at least 12 pictures a year.

He said that Rank, which no longer produces its own films, would probably be prepared, to invest up to 30 per cent of the cost of a film in return for the non-American distribution rights.

Rank was increasing its stake mainly because its film investments last year, including Defence of the Realm and The Fourth Protocol, had been profitable.

Rank was increasing its stake mainly because its film investments last year, including Defence of the Realm and The Fourth Protocol, had been profitable.

The company hopes that some of the film companies involved might choose to make their pictures at Rank's studios in England, which has cut staff numbers by half to reduce costs.

UK NEWS

Rioting follows funeral of IRA men

RIOTING broke out in nationalist areas of Londonderry, Northern Ireland, following the funerals of two of the eight IRA men shot dead on Friday. There were few overt paramilitary trappings at the ceremony and the police kept a discreet watch.

Speaking at the burial of Patrick Kelly, 30, commander of an IRA brigade, Mr Martin McGuinness, a senior figure in Sinn Fein, the IRA's political wing, acknowledged that the death of the eight as they attacked a police station was a setback.

No attempt was made to fire shots over the coffin or grave, as has been customary at IRA funerals in the past.

Mr McGuinness was joined as a pallbearer by Mr Gerry Adams, the Sinn Fein president, and Mr Danny Morrison, another senior Sinn Fein figure, as Kelly's coffin, draped with the Irish flag and carrying black beret and gloves, was taken from the church to a graveyard two miles away.

A crowd of about 1,000 followed the procession to the burial.

■ SUN OIL, the US company, is planning to apply later this year for development approval for the Glamis field in the North Sea. It will be tied into the existing Balmoral oil field. Production of the field which, according to Wood Mackenzie, contains between 10m and 15m barrels of oil, is expected to start in 1990.

■ CONFERENCE of the Civil and Public Services Association (CPSA) has voted to call for a two-day national strike in the week of the general election, together with three weeks of regional stoppages. Mr John Ellis, CPSA general secretary, said he would favour delaying the two-day national stoppage until after the election: "If she (the Prime Minister) is re-elected, and we are on strike at the time, I think that helps her."

■ BRITISH Telecom is streamlining its purchasing activities, worth about £1.8bn a year, in a bid to make them more efficient. The move involves merging two existing divisions and could lead to some staff savings at its headquarters.

■ ENERGY Secretary, Mr Peter Walker, infuriated Labour MPs in the House of Commons by annoucing that he would address the annual conference of the Union of Democratic Mineworkers two weeks after the general election. He praised the union for its courage in the face of intimidation by supporters of the National Union of Mineworkers during the year-long coal strike.

■ DIRECT state subsidies of the arts should be phased out, says a report published by the Adam Smith Institute, an independent research organisation. The report says public support for the arts now exceeds £1bn a year, but often it is spent on events nobody wants to see.

■ EXTEL, the financial and sports information group, plans to hire another advertising agency to promote its racing services in the wake of the resignation of Boase Massimi Pollitt Business Communications. The agency quit the account on Friday, Mr Kenneth Young, Extel managing director, said yesterday.

■ Local authorities in the north west, Yorkshire and Humberside, Greater London and the north of England will be the main beneficiaries of a new slice of Government spending to clean up council housing estates. Mr John Patten, the Housing Minister, has announced that £37.5m would be available for estate improvement schemes under the Government's Estate Action plan, started in 1985. He has also told local authorities to cut back the level of rent arrears, the figures for which, he said, "are appalling and totally unacceptable."

Asda-MFI group gives up car sales operation

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE ASDA-MFI group yesterday discontinued its car retailing experiment which some observers predicted would revolutionise the motor trade and the way cars sold in Britain.

Asda's announcement came as a surprise because a month ago the company said the experiment, which began last June, was such a success that the number of car sales outlets at its superstores would be raised from seven to 22. Seven more were due to open this month.

The company said last night: "While the concept had attractions to the consumer, it is now clear that the future management input required from Asda would be out of all proportion to the returns that can be earned from the continued concentration on core Asda business."

Mr Paul Dowling, Asda's marketing director, said that in the first six months of its operation Asdadrive was meeting its target to sell 250 cars a year through each outlet. However, the performance recently was below that level and had prompted another in-depth management inquiry.

He said Asdadrive's losses were "small" and it was hoped the employees, about 100, could be found other jobs within Asda-MFI, which is the third-largest retailing group in Britain.

The separate car servicing operation in which Asda-MFI had no equity stake or management control, would continue to trade.

Asda's partners in the venture were Mr Graeme Miller, a former managing director of FSO Cars, an importer of Polish-made cars, and marketing director of Mazda Cars UK, the Japanese vehicle import company, and Mr John Klaymar, a non-executive director of the Marketing, Motivation and Management consultancy organisation.

Losses for Iveco Ford

By Kenneth Gooding

ABOUT £25m has been injected into Iveco Ford Truck by the two major shareholders to cover a £22m net loss for the first six months.

The company was formed last June from the merger of the UK operations of Iveco, Fiat's commercial vehicle subsidiary, and those of Ford of Britain.

Iveco Ford said yesterday that the loss "is not considered to be representative of the expected on-going performance," and said the results were better than the projections established when the company was set up.

The board was encouraged by the sales progress in the UK and had demonstrated its confidence in future progress by increasing production schedules for the Cargo truck range at the Langley, Berkshire, factory to the highest levels for three years.

Mr Felice Cantarocco, Iveco Ford chairman, said the company was spending £7m a year at Langley to improve and expand the Cargo range and on capital investment there.

Michael Cassell reports on the opening shots in battle for votes

Parties clear decks for election

THE BATTLE for the votes of more than 43m electors – to be cast four years and two days after the last general election – will begin in earnest next week with the publication by the major parties of their manifestos.

The announcement of a June 11 poll yesterday gave the signal for party leaders to complete last-minute adjustments to the policies on which they will base their electoral appeal and also enabled party strategists to complete preparations for the three-week contest.

The atmosphere at Westminster was one of relief that the speculation was finally over, combined with enthusiasm for the fight ahead. Although MPs face a full week of parliamentary business in order to clear the legislative decks, party leaders will still have ample opportunity in the next few days to set out the themes which will underline their campaigns.

Shortly after Mrs Margaret Thatcher's decision was made known, it was announced that the Tory manifesto will be unveiled next Tuesday in London. It will inevitably stress the Government's continuing commitment to a radical programme, embracing a further extension of privatisation as well as an all-out attack on inner-city dereliction.

On the following day, a conference of Tory parliamentary candidates will also be staged to ensure the campaign is co-ordinated and fought on common themes.

After informing the Queen of her decision for a June poll, Mrs Thatcher yesterday held follow-up discussions with the strategy group of ministers which met at the weekend. The latest session was also attended by Mr Peter Morrison, deputy chairman of the Tory party, and a number of officials from Conservative Central Office.

The Prime Minister will, as in 1983, be using the two-day Scottish Tory conference on Friday as the public launch-pad for the campaign. Apart from the Prime Minister, a number of cabinet ministers will also be in Perth to drive home the Tory election message and to ensure that party activists and supporters are not in any sense complacent about the outcome.

Among ministers speaking on Thursday and Friday will be Mr George Younger, the Defence Secretary, Sir Geoffrey Howe, the Foreign Secretary, Mr Nigel Lawson, the Chancellor and Mr John Moore, the Transport Secretary.

Whatever doubts there are within the Labour camp about the prospects for a clear election victory, the party appears fully prepared for the compaign and seems confident that it will not repeat the damaging tactical mistakes of the last campaign.

The Labour manifesto will today receive final approval from the party leadership when, in accordance with the party's constitution, members of the national executive committee and the shadow Cabinet stage a special "Clause Five" meeting to agree on its contents. It is expected to be launched early next week, possibly on the same day as that of the Tories'.

Mr Neil Kinnock, the Labour leader, is assured of support for the document, which is likely to be comparatively short and will concentrate on the central issues of the economy, the future of education, health and social services and the reduction of unemployment.

Mr Kinnock, who plans to spend most of the campaign outside London, yesterday gave an indication of Labour's approach when he reacted to Mrs Thatcher's decision. He said Britain had the choice of creating a modern, manufacturing base with a modern welfare state or of permitting continuing social division and economic decline.

The Labour leader, who claimed the election would be "about preventing 13 years of Thatcherism," will on Friday also be presented with a major platform to get his party's campaign underway when he addresses Labour's Welsh regional conference in Llandudno.

Liberal MPs were last night given their first opportunity to look at the Alliance manifesto, which will today be ratified by separate policy committees of the two parties. A join policy committee meeting will be staged later in the day to approve the final document.

The Alliance leadership hopes to steal a lead on the other major parties by unveiling its manifesto on Monday. But before then, both Alliance leaders will on Thursday begin a three-day tour of regional centres. The intention is to extend the campaign as much as possible, in the belief that the Alliance will benefit electorally from the lengthy exposure of its policies.

Mr David Steel, the Liberal leader, said last night that the Alliance would speak for ordinary people, who did not want the grasping society which Mrs Thatcher had created.

Black students rejected

By Andrew Taylor

THE COMMISSION for Racial Equality has called for a more sensitive and flexible approach to selection procedures for black students wishing to become chartered accountants, to take into account the social and education disadvantages faced by many of them.

It found that white students, who last year applied for courses, were nearly four times more as likely than black students to be successful in their applications.

The recruitment records of the 14 largest accountancy firms, as well as samples of small and medium sized firms, were investigated in a report published yesterday.

While the commission was satisfied that there was no policy of deliberate discrimination among firms, it found that black applicants were more likely than white to be rejected for training places at all stages of selection. Lower academic qualifications achieved by some black applicants only partly explained the disparity.

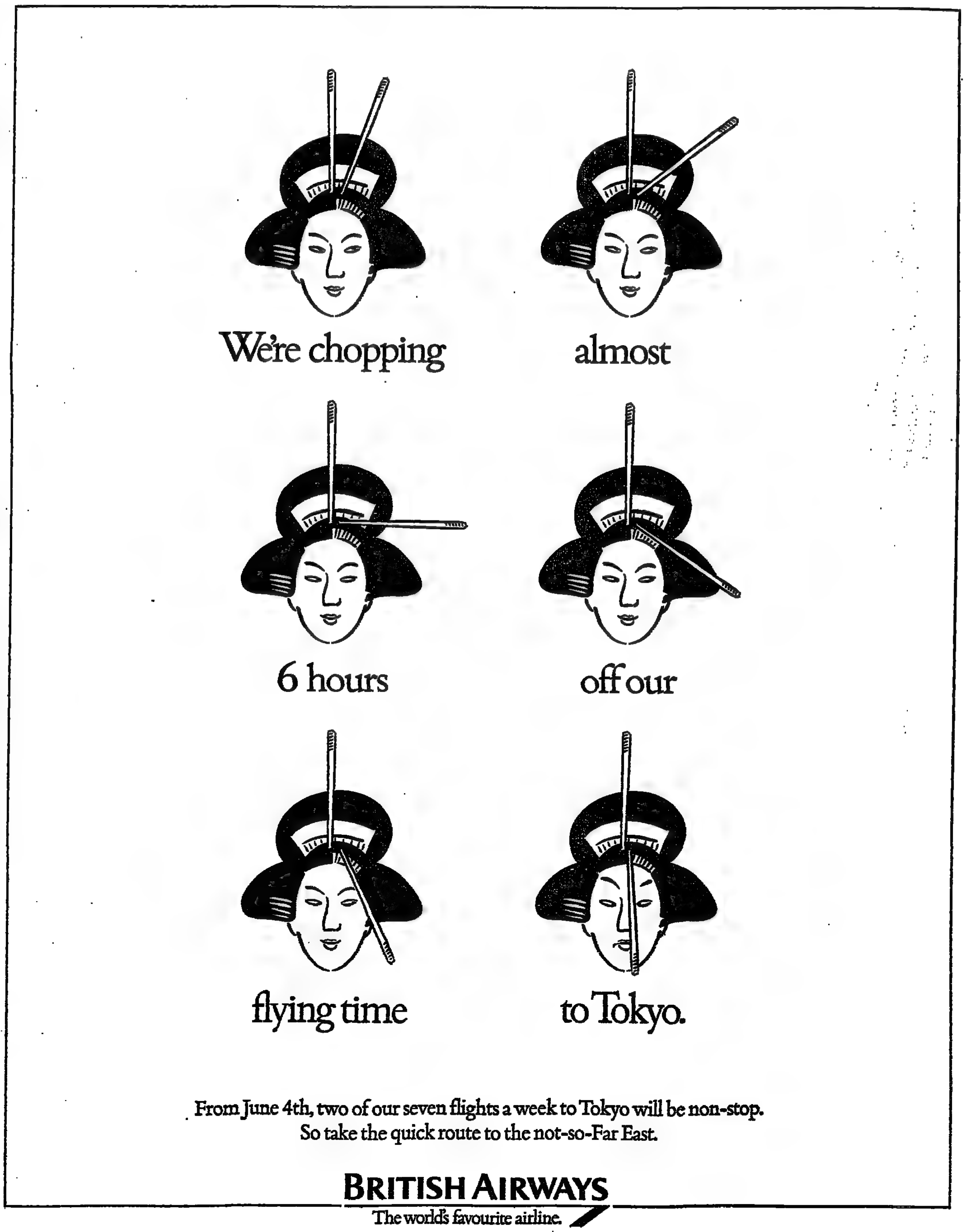
The commission claimed that a factor in the higher black rejection rate was the possibility of an adverse reaction from clients. Interviewers at two large firms, for example, had said they could not send out an all black audit team to some companies.

Several firms said the "oral expression and accent" of some candidates was also a barrier to recruitment, althought this was more likely to affect overseas students than those who had received most of their education in the UK.

Most firms blamed the high failure rate of black candidates on "extended educational disadvantage," which had affected the confidence of applicants and resulted in a less polished and more shallow performance at interviews.

It said that interview techniques which concentrated on applicants' involvement in student organisations, university projects, holiday jobs and other office holding and group activities – favourite indicators of a good mixer – were too narrow and disadvantaged candidates from ethnic minorities.

The commission also called for better training for managers involved in interviewing applicants, and criticised the selection procedures of large firms which concentrated on recruitment from the more popular universities to the detriment of polytechnics, where black applicants were more likely to be found.



MANAGEMENT: Small Business

EDITED BY CHRISTOPHER LORENZ

Growing pains hit the franchising industry

Recent months have seen problems in the UK, David Churchill reports

THREE years ago Danielle Baillieu, a young mother with some fashion experience, decided not only that she wanted to run her own shop but also felt it safer to do so under the umbrella of franchising.

"I'd read all about franchising and believed it offered the best way to set up a small business," she says now.

Baillieu did what she would have considered all the right things, such as visiting the annual National Franchise Exhibition, talking to her bank, and choosing a franchise operation which was a member of the British Franchise Association and part of one of the most-respected franchise groups.

Now, three years on, Bailleau has been left with debts approaching £100,000, a broken marriage, and a failed business. "I feel very bitter about the whole affair," she says. "Not just for myself but for the many other people who suffered as I did."

Bailleau had taken on a franchise called La Mama, which specialised in selling fashionable maternity wear. La Mama was part of the Young's Franchise Group, one of the founder members of the BFA and run by a former chairman, Edward Young.

La Mama was not only a member of the BFA but was also looked on kindly by both Barclays and National Westminster banks, which were prepared to lend money to potential franchisees.

But it soon became clear to Bailleau and others that La Mama was not the franchise opportunity it had at first appeared. Stocks supplied by Young's were either too fashionable to be popular or not available at the right time; the trading figures on which the franchise was based were over-optimistic.

Problems mounted when, in October 1985, the Young's group went into receivership and Edward Young left the country. Almost immediately, however, the group was acquired by Cyril Spencer, a former chairman of the Burton Group —and is now trading normally. The new owner decided to stop franchising La Mama and now the six remaining shops are trading independently.

This episode is a reflection of the growing pains of a modern-day industry which, although it started in the 1970s, has really taken off in the 1980s. Franchising still has a lot to offer: it can provide small businesses with an additional pathway for growth; it offers individuals the chance to become entrepreneurs: and it gives financial institutions a way to invest in the small business sector.

But what has also become clear is that these opportunities have to be tempered with rather more caution than many franchising propagandists have been prepared to admit. The hype of recent years is being replaced with a more realistic view of the pitfalls as well as the potential.

Public row

Bailleau's problems with franchising do not appear to be an isolated incident. Apart from Young's, other franchise companies in difficulties over the past year have included Identicar, which engraves numbers on car windows, Postal Centres, selling stamps from kiosks, and Cookie Coach. Mintel, the market research company, points out in a recent report that "*these operations do not* represent the total of all franchise businesses to be experiencing difficulties."

Kentucky Fried Chicken, for example, became embroiled in a public row with some of its franchisees earlier this year over its attempts to raise standards.

An underlying difficulty has been franchise-broking — the system whereby so-called "consultants" find recruits for companies franchising a product or service. The consultant gets his fee according to how many franchisees are signed up, irrespective of whether or not they are suitable.

*As a result, reputable fran*chise consultants have been forced to form their own trade association to try to protect their status.

Perhaps the biggest worry facing franchising in the UK has been the attention focused on it by the Office of Fair Trading and by the European Commission, both of which are concerned that franchise agreements may operate in an anti-competitive and restrictive way.

But all this should be seen against a background where sales through franchising last year topped £2bn for the first time—up by about a quarter on the 1985 level—and numbers employed were a third higher at 150,000. Small wonder, therefore, that the Department of Trade has so far adopted a benevolent attitude towards franchising, seeing it as a major engine of growth in the small business sector.

The operations which have seen most growth in the UK in the past two decades are typified by fast food chains such as Pizza Express and Wimpy, retailers such as Tie Rack and Benetton, and service companies such as ServiceMaster and Dyno-Rod.

This type of franchising was partly a result of the recession which not only created a pool of would-be franchisees with large redundancy cheques but also encouraged the Government to take a more favourable attitude to small companies and the self-employed.

Its growth, moreover, has been spurred on by the boom in the service sector and the involvement of banks and accountancy firms in providing finance and management consultancy back-up.

So why has it started to go wrong? "Franchising is still evolving in this country and we are facing some of the problems of being a fast-growing industry," points out Tony Dutfield, director of the British Franchise Association which represents franchise companies.

But he also believes that standards of individual franchisees may not be as high as they could be. "Too many people lose their 'bottle' when things go wrong and get panicky," he claims. "They expect franchising to be risk-free and then want to be bailed out when problems arise."

Franchisees, not surprisingly, see things differently. Research studies of franchisees' views have shown that the main source of conflict arises because the individual's desire to be an entrepreneur is at odds with the franchise companies' understandable concern at maintaining control over the franchise operation.

Some franchise operators can treat their franchisees in a cavalier fashion. They see franchisees merely as sources of capital and labour to finance their own corporate expansion, rather than seeking to achieve a mutually advantageous relationship.

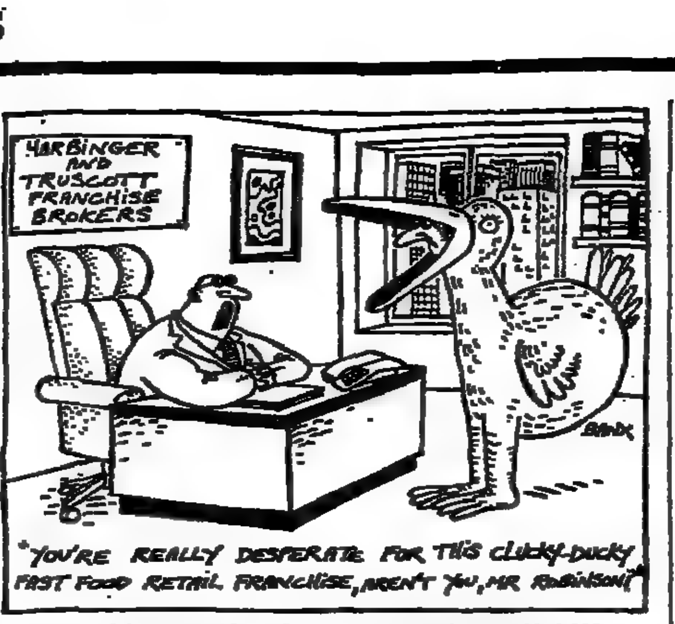
"I have to tell companies all the time not to rush into franchising merely as a cheap way to finance their expansion," points out Andy Pollock, a partner specialising in franchising with the accountancy firm Arthur Young.

David Acheson, a former chairman of the BFA and now a franchising consultant with the Stoy Hayward accountancy firm, agrees. "Companies wanting to expand by franchising have to realise it's not a short-term option, but something which will affect their whole company in ways they fail to realise at first," he says.

More realism about franchising is now being shown by US companies which previously saw the UK market as being easy to penetrate. Experience has made US operators more wary. Last autumn, for example, the US company Entre Computer Centres Inc pulled out of the UK after only 18 months, leaving behind it a trail of disgruntled former franchisees.

British franchise companies, moreover, are facing stricter new regulations imposed by the British Franchise Association in the wake of the Young's and La Mama affair. "We are seeking firm undertakings from all our members about their financial position and commitment to their franchisees," says Dutfield.

Yet the BFA only has 100 members, while perhaps four times as many companies are offering franchises outside its control. Even if the BFA gets its own house in order, it is the activities of some non-members which may eventually force the Government to step in and regulate the industry.



● Franchising provides the means for companies (the franchisor) to expand operations by using investment from individuals (the franchisee).

The advantage for companies is that it provides both a source of finance and highly motivated managers to run the business.

Franchising offers individuals the opportunity to run his or her own business but making use of a proven name and system of operation. For this the franchisee pays a fee and usually an on-going royalty, and may have to buy stocks and other supplies from the franchisor.

● There are about 440 business format franchise systems currently in operation in the UK, with the average number of franchised units per system of 45, and average annual sales of £113,000.

● A typical franchisee is married with three children, a mortgage, and up to £15,000 to invest. Most franchisees arrange start-up finance from a clearing bank. The cost of a franchise varies considerably —from around £7,500 for a business such as Isodan cavity wall insulation system, up to several hundred thousand pounds for a major fast food operation.

● The National Franchise Exhibition, which offers potential franchisees the chance to talk to a range of companies, *takes place this year on* October 16 to 18 in London.

● The British Franchise Association has an information pack, price £8, for potential franchisees. The address is BFA, Franchise Chambers, 75a Bell Street, Henley-on-Thames, Oxon, RG9 2BD. Telephone: 0491 578049.

In brief . . .

THE London Borough of Hammersmith and Fulham has launched a Loan Guarantee Scheme aimed at providing amounts of between £2,000 and £50,000 to start-ups and expanding businesses within its boundaries.

The loans will be provided by the Co-operative Bank and guaranteed up to 100 per cent by the council. Businesses helped must create jobs for residents of the borough and must provide a product or a service which is considered to be socially useful.

Further details from The Economic Development Unit in the Town Hall. Tel: 01-748 3020.

●

A PROGRAMME designed to help the owner-managers of small businesses to develop their business skills has been launched by Durham University Business School. Firmstart is aimed at companies of up to one year old but with the potential for employing 10 people or achieving turnover of £250,000 in the next three years.

It involves a five-day initial residential period followed by seven monthly workshops. Funded by the Manpower Services Commission, the programme is free and up to £1,250 may be available to each business for market research.

Further details from John Taylor or Maureen McMahon at DUBS on 0385 41919.

●

GROWING Enterprise in the UK, a series of one-day conferences on how large companies can support new and growing businesses will be held throughout the summer. The conferences, designed for senior executives, policy developers and investment managers and organised by The Industrial Society, will look at the way large groups can contribute to the current enterprise campaign and how they can benefit from supporting growing companies.

The first conference will be held in London on May 18 followed by the first of five regional conferences in Leeds on June 18 and Birmingham on June 23. The cost is £65 plus VAT to society members and £78 plus VAT to non-members.

Contact: Fran Mitchell, Enterprise Unit, The Industrial Society. Tel. 01-839 4300.

●

TWO LONG-established basic guides for the small businessman have been updated. Law for the Small Business has now appeared in its fifth edition while Working for Yourself has gone into its ninth edition.

Patricia Clayton, author of the legal guide, warns that bringing UK law into line with EC legislation imposes heavier responsibilities on directors and widens the ambit of financial responsibility for negligence.

Topics covered include Establishing a Business, Insurance, Employment Law, Collecting your debts and Litigation.

Working for Yourself takes a straightforward look at the range of problems facing the small businessman but also includes useful sections on low investment, part-time opportunities for the self-employed and on freelance work.

Law for the Small Business, The Daily Telegraph Guide, Patricia Clayton, 286 pages, £7.50 and Working for Yourself, The Daily Telegraph Guide to Self-Employment, Godfrey Golzen, 261 pages, £5.95. Both published by Kogan Page.

●

TEAMS OF Youth Training Scheme trainees will be able to take part in a business contest aimed both at developing their enterprise skills and at teaching them how to use computers.

In the first non-competitive stage entrants will receive a *YTS Challenge Starter* Pack comprising exercises to introduce and develop enterprise skills. During the autumn and winter teams of five from each YTS scheme will compete in heats against four other local teams at managing a simulated business. This will be followed by regional heats and a national final in London in March 1988.

The competition is organised by the Industrial Society and sponsored by IBM (UK) and the Manpower Services Commission. Starter packs can be obtained by sending a large 26p stamped addressed envelope to Hayley Bowers, Enterprise Unit, The Industrial Society, 3 Carlton House Terrace, London SW1Y 5DG.

●

THE THIRD Peterborough Enterprise Award Scheme has been announced with £10,000 worth of prizes for new and existing firms with turnover of up to £150,000. Entrants must put forward a proposition which can help create employment in the city.

Prizes include rent-free premises for a year and free financial consultancy from accountants Spicer and Pegler. Contact (before June 1) John Duckworth, Peterborough Enterprise Programme, Broadway Court, Broadway, Peterborough PE1 1RP. Tel: 0733 31159.

●

CHANGE OF Ownership, a one-day conference to be held by 3i (Investors in Industry) on May 21 will look at the choices facing buyers and sellers of companies against a background of recent active takeover, flotation and management buy-out activity.

Venue for the *conference* is the Whitbread Brewery in Chiswell Street, London EC1. Cost is £115 including VAT. Contact: Conference Associates 3i, 27a Medway Street, Westminster, London SW1.

●

A DIRECTORY of small businesses in the north east has been produced by Project North East, the Newcastle-upon-Tyne based enterprise agency. Large companies and other small firms are frequently unaware of the range of products and services offered by local small businesses, its compilers note.

Buying *for Business* lists more than 100 north east small firms in the fields of building services, clothing design, crafts, foods manufacturing and many others.

Free copies available by sending 6½ inch by 9 inch SAE to 60 Grainger Street, Newcastle-upon-Tyne, NE1 5JG.

●

BUSINESSMEN who are unable to produce computer-aided cash flow projections are nowadays considered somewhat amateurish; soon they will be regarded as financially illiterate.

This stark warning in the preface to Raising Money for Business* highlights the increasing amount of information managers are expected to have at their command when facing financiers.

Raising Money aims to provide practical, down-to-earth advice on how to go about getting money for business, including basic coaching in the technical and marketing skills required and the advantages and disadvantages of different types of funding.

The legal side of fund raising is frequently regarded as dull and is best left to the professionals but this attitude can prove costly if the businessman does not get what he thinks he is getting, the guide says.

* By Lance Blackstone, 124 pp. £55. The Economist Publications

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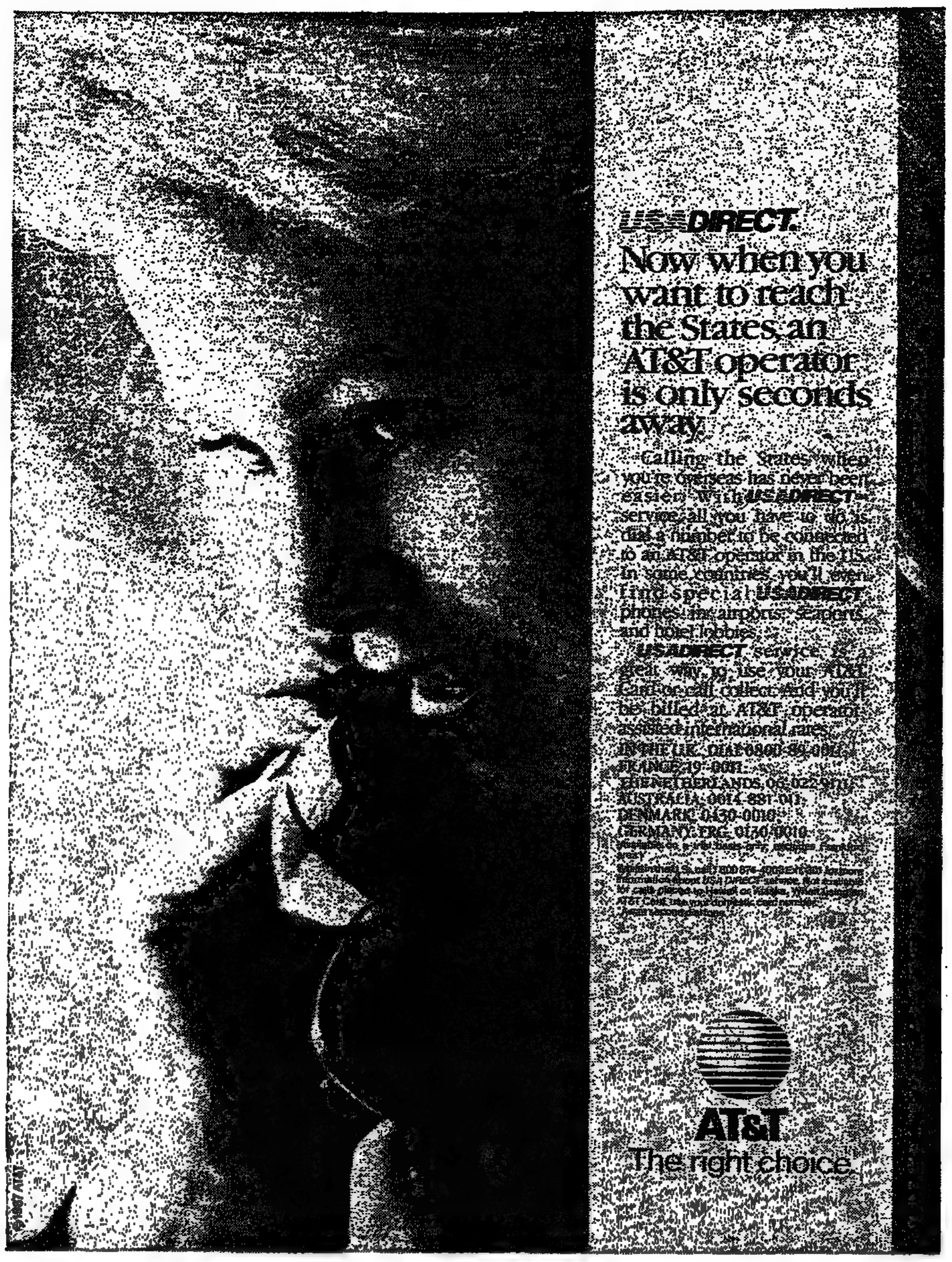


FT LAW REPORTS

Equal costs for Opren plaintiffs

DAVIES v ELI LILLY & CO AND OTHERS

Queen's Bench Division (Commercial Court): Mr Justice Hirst: May 8 1987

SELECTION of lead cases for trial on liability in proceedings involving 1,500 plaintiffs should be uninfluenced by whether or not prospective lead plaintiffs are legally-aided; and though the trial issues are to be preliminary issues only for non-lead plaintiffs, all plaintiffs, lead or non-lead and legally aided or not, shall be equally and severally liable for up to 1/1500 of any costs on liability unrecoverable from the defendants.

Mr Justice Hirst so held when making general orders as to costs and selection of lead plaintiffs for purposes of the anticipated trial on liability in negligence in actions by Mr Joseph Owen Davies and other plaintiffs against defendants in the Eli Lilly Group as manufacturers of the drug Opren, and the Committee on Safety of Medicines and the Department of Health and Social Security, who were involved in licensing Opren for use in the UK.

HIS LORDSHIP said that 1,500 plaintiffs claimed damages for personal injuries allegedly caused by the arthritis drug, benoxprofen (Opren).

It was alleged that Lilly was negligent in testing and marketing the drug, and that the Government was negligent in its licensing.

Efforts had been made to minimise expense, resulting in a probable saving of several hundreds of thousands of pounds. However, if the case went through to judgment the total costs of each group—plaintiffs, Lilly and the Government—would exceed £1m each.

There were common issues on liability in all the actions, in particular relating to development of the drug, testing and evaluation of side-effects. It was unthinkable that there should be more than one trial of those common issues.

Each individual plaintiff had his or her own important features, such as age, medical condition, duration of Opren ingestion and alleged side-effects. If liability were established, those would require careful evaluation case by case, in order to assess damages.

For the purpose of trial on liability it was necessary to select an appropriate group of lead plaintiffs, who were suitably representative of the various categories of plaintiff having regard in particular to medical history. The parties assumed there were likely to be beween 10 and 15 lead cases.

While aggregated damages would be very large if all 1500 plaintiffs were to succeed the measure of damages in most individual claims was likely to be quite small. Counsel for the defendants had made estimates within a range of £200 and £5,000. Mr Thorold for the plaintiffs, said that was too low but did not give alternative figures.

There was a fundamental divide between the two sides as to the proper approach of the court in selecting lead cases, and whether it should be influenced by the fact that some plaintiffs were legally-aided and others were not.

The problem had to be resolved before the court could sensibly embark on the selection in July. A submission by the plaintiffs that the decision should be deferred was therefore unacceptable.

Under the Legal Aid Act 1974 eligibility for legal aid depended on financial circumstances and proof of reasonable grounds for being party to the action. An assisted person might be required to make a contribution to the legal aid fund, depending on his disposable capital and income.

Section 9 (6) of the Act laid down a "statutory charge" in that the Law Society was obliged to debit any remaining part of the fund's net liability on the successful assisted person's account against any damages awarded to him.

In the present case the scale of taxation would not cover 100 per cent of the costs, so it was inevitable that there would be some shortfall in the fund. The smaller the assisted person's damages, the greater the impact of the statutory charge. If the plaintiffs were successful and the statutory charge was not spread evenly, there was a strong probability that some would see their damages completely wiped out. Others would reap a windfall.

A legal aid certificate could not relate to more than one cause. On the face of it, that required that costs would be loaded on to the lead case. No legally-aided plaintiff could conceivably accept the burden of selection as lead case in view of the impact of the statutory charge. Also, the fund was required to attribute all costs to one plaintiff, leaving it for him to try to recover from the others. Such cumbersome machinery would be wholly impractical in the present case.

The court, when selecting lead cases, should order that the issues in the lead actions should be decided as preliminary issues in all the other actions. That would not only be fair to the legally aided plaintiffs as a body, saving the lead cases from intolerable burden, but would also benefit the fund enabling it to spread the statutory charge with better prospect of substantial recovery.

Hitherto all expenses incurred by the Opren Action Group solicitors had been spread over legally aided plaintiffs, and not contributed to by non-legally aided plaintiffs. The régime had been extended to plaintiffs who were eligible for legal aid but who had declined it.

The lawyers had given a "no charge undertaking" that where a client did not qualify for legal aid and could not contribute towards co-ordination of claims, co-ordination would be carried out for his benefit and no charge would be made unless the claim was successful.

That was wrong in principle. It was indistinguishable from a contingency fee arrangement since it constituted an undertaking *in advance* to waive fees if the plaintiffs failed. Equally it was wrong for the legal aid fund to subsidise non-legally aided plaintiffs.

Section 7(6)(b) of the Act provided that the rights conferred on a person receiving legal aid should not affect the rights or liabilities of other parties.

The defendants submitted that in selecting lead cases, that section precluded the court from taking into account whether or not any potential lead plaintiff was legally aided. Mr Thorold submitted that the section did not apply to non-legally aided cases and that the court would have to take means into account in order to make a sensible selection.

The subsection was mandatory. It completely precluded any consideration of the status of a plaintiff in the legal aid context. Though it did not refer to non-legally-aided plaintiffs, Mr Thorold's path would inevitably involve segregating non-legally-aided from legally-aided plaintiffs. It would allow the latter's rights to influence the court's discretion, in direct defiance of the sub-section.

Section 51 (1) of the Supreme Court Act 1981 provided that costs were in the discretion of the court and it had full power to determine by whom and to what extent they were to be paid.

The court therefore had power to make orders affecting individually a large number of plaintiffs, including non-legally-aided plaintiffs, though the great majority would not directly participate in the lead cases.

The defendant's proposal, supported by Mr Pulman as *amicus curiae*, was for equal contributions severally from all plaintiffs, legally-aided and non-legally-aided, up to but not beyond their proportionate share (1/1500) of costs not recoverable from the defendants—subject in the case of legally-aided plaintiffs to the court's obligation under section 8(1)(e) of the Act to limit liability to a "reasonable" amount.

Mr Thorold submitted that such a generalised approach obscured significant differences between categories of plaintiffs, and would result in inequitable distribution.

The court accepted that in some cases it might be necessary to make special provision for those differences. Nevertheless it was inherent in a scheme of this kind that participants should take the rough with the smooth, seeing they had the great general advantage of a thin spread of costs over a large number of plaintiffs.

The differences did not undermine the general fairness of a proportional order. Also, there was no other way in which it would be possible to select lead cases without regard to the impact of legal aid and in a manner which would ensure that lead plaintiffs would be at no financial disadvantage compared to the vast majority.

The court would therefore make the order sought by the defendants.

That could not place any additional burden on the legally-aided plaintiffs above that prescribed by their legal aid certificates.

The parties were given a period of grace of one calendar month in which to review their situations in the light of the new arrangements. Also, provision was made for liberty to apply, so that any special situations requiring variation or supplement to the general costs order could be considered by the court.

For the plaintiffs: Oliver Thorold (Pannone Napier, Sheffield).

For the Lilly defendants: Jonathan Playford QC, Michael Spencer and Andrew Prynne (Davies, Arnold & Cooper).

For the Lilly defendants: ants: Justin Fenwick (Treasury solicitor).

For the Law Society: Duncan Matheson.

Amicus curiae: George Pulman.

By Rachel Davies
Barrister

AUSTRALIAN TAX REFORM

Chris Sherwell on discontent among antipodean businessmen

Australians baulk at tax changes

WHEN Mr John Elliott recently talked of shifting his Elders IXL group offshore because of Australia's stiffening tax regime, he earned a sharp rebuke from Mr Paul Keating, the Labor Government's Treasurer.

Mr Elliott was giving vent to the frustration felt by much of the business community at the burdens resulting from the extensive tax changes imposed by Mr Keating.

His complaints, which he has since repeated, are important because Elders IXL, with its international interests in brewing, resources, the pastoral sector, finance and real estate, is Australia's fourth largest company.

As in many highly public clashes in Australia, little detailed attention was given to the legitimacy of Mr Elliott's complaints or the value of Mr Keating's far-reaching reforms. It was easier to see the exchange as minor sniping in a wider battle between government and business.

In fact, the changes implemented since 1985 represent the most far-reaching tax reforms in Australia since before the Second World War, and are more extensive than any seen in other countries in the Organisation for Economic Co-operation and Development, including, perhaps, the US.

The changes affecting the corporate sector are the most far-reaching. Not only are corporate tax rates going up; complicated new taxes have also been introduced, hitting capital gains, fringe benefits and offshore earnings. A complex imputation scheme affecting dividend payments also has been introduced.

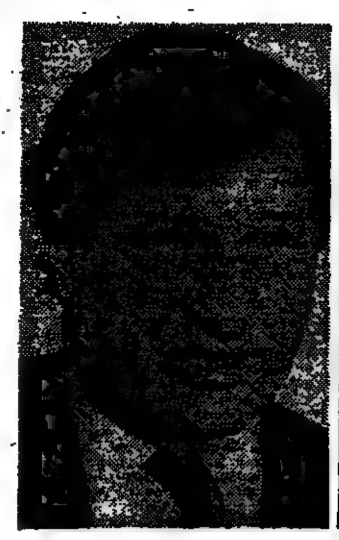
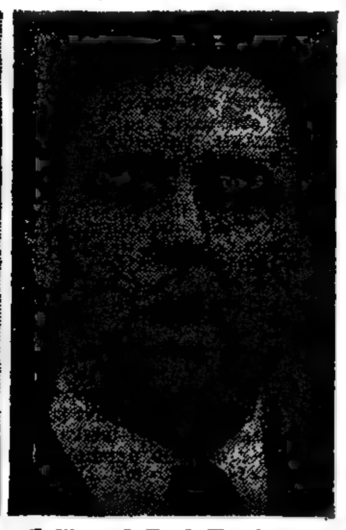
This is affecting the way taxes are assessed and paid, the timing and form of dividend payments, and the manner in which funds are raised. It is also influencing corporate decisions about offshore operations, the use of tax havens and, ultimately, domicile.

Mr Elliott's reaction is not necessarily typical. Responses to complex questions of tax are inevitably dictated by individual circumstances, and some of Mr Keating's reforms have been welcomed.

Yet even this is not certain. To some specialists, the Australian situation is now so changed it is impossible to say whether Mr Elliott or others like him would indeed be better off by changing domicile.

Moreover, no one doubts that actually doing so would be fraught with problems, both in dealing with the authorities and retaining the confidence of shareholders and customers.

This does not mean Mr Elliott's reaction was dictated purely by self-interest. No businessman is happy at the prospect of the July 1 rise in corporate income tax from 46

Elders IXL's John Elliott (left) and Paul Keating.

per cent to 49 per cent — one of the highest rates in the world.

The rise brings the corporate tax rate into line with the top personal rate, which comes down from 55 per cent on the same date. The Government evidently could not make the necessary spending cuts to put both at 46 per cent, but was determined to align the two to eliminate the incentive for individuals to form companies in order to reduce tax.

The rise will help pay for the imputation scheme, which also starts on July 1. The scheme removes the double taxation of dividends to shareholders, and aims to encourage share ownership and to shift corporate financing from debt to equity.

Under the scheme, companies will have two types of dividend — qualifying (or franked) and unfranked. Tax of 49 per cent will be paid on qualifying dividends and shareholders will receive a credit for this tax to be set against tax payable on other income. On unfranked dividends, shareholders would still be liable for tax.

Although other countries have imputation systems, Australia's is unusual in that the full rate of company tax will be credited to shareholders. But it has been criticised because individuals represent less than one-quarter of all shareholders. Institutions like superannuation funds, for example, are not subject to tax.

Overseas shareholders may also be disadvantaged. Although the current withholding tax of 30 per cent (15 per cent in a treaty country) will not be payable on franked dividends, it is likely that these dividend payouts will diminish from the many companies which do not pay the full rate of company tax.

Matters are even more complicated for the increasing number of Australian companies with interests abroad. Most will hope to make their payouts of franked dividends from local earnings, but problems would arise if the earnings were insufficient.

These complications are compounded by a sweeping reform of the foreign tax credit system, which also comes into effect on July 1. Under this system, all overseas income will be subject to tax at 49 per cent with a credit for tax already paid. This changes the present system, where income earned by Australians offshore (except dividends) is not to be taxed in Australia.

The change not only means overseas earnings face a higher rate of tax. It also means that, to the extent that a company receives a credit for tax paid offshore, it cannot pay a franked dividend out of those earnings.

The actual impact will vary according to whether the overseas operation of the Australian company is in a low-tax or a high-tax jurisdiction. In the case of a high-tax territory, the amount available for distribution as fully franked dividends will be reduced. In the case of a low-tax territory, there is now an incentive not to repatriate earnings.

All this raises the question of how an Australian entrepreneur like Mr Elliott should finance his offshore acquisitions. And even this question is made more difficult to answer by other changes which affect offshore funding.

For example, previously the rules for attributing interest expenses were not strictly applied, so that the financing cost of acquiring target companies abroad could be used to shelter domestic income. Changes introduced with the foreign tax credit system potentially prevent this sheltering.

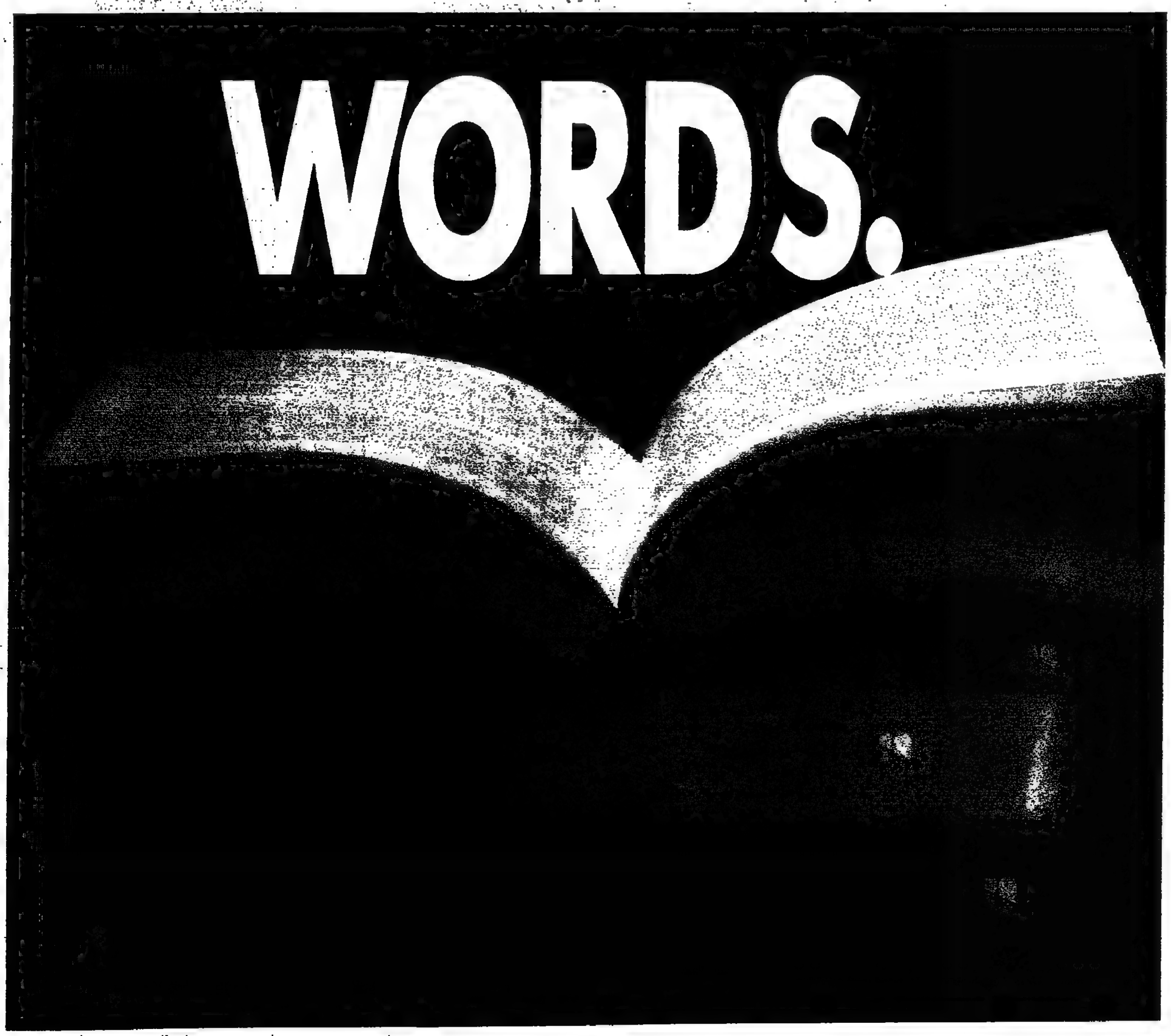
Just as significant, the tax treatment of redeemable preference shares will have been changed four times in 15 months by July 1. There is now no incentive under the imputation scheme to issue such shares, which for many entrepreneurs have been a favoured means of financing acquisitions.

Other new taxes which worry businessmen include the introduction of capital gains tax in September 1985.

Previously there was a tax only on gains through asset disposals made within 12 months of acquisition. Now a wider-ranging tax is in place, applied to real (rather than nominal) gains made when assets are sold, and levied at ordinary rates of income tax.

Given that offshore income will now be subject to tax at the full Australian rate, so too will offshore capital gains, thereby raising another question mark over the domicile issue.

Then there is the fringe benefits tax, implemented last year and designed to combat the tendency of employers to remunerate employees through fringe benefits and thereby avoid high marginal income tax rates.



EUROPEAN MOTOR INDUSTRY

The French motor group needs strong profits to underpin its investment plans, reports **Kenneth Gooding**

Citroen faces heavy capital spending with confidence

CITROEN, the French car company, needs to generate strong profits in the next few years to justify its heavy investment programme, according to Mr Jacques Calvet, the chairman.

But he gives every impression that the Peugeot group, of which Citroen is a part, has every confidence that profit targets can be met.

Peugeot is relying heavily on Citroen to perform better in key car markets, including West Germany, Italy, Spain and the UK, so that the whole group can achieve its objective to move from fifth to first place in the Western Europe new car sales league by the early 1990s.

Mr Calvet, also chairman of the Peugeot holding company, completes the circular argument by suggesting his group needs top place in Europe to get a proper return on the money spent on eight distinct "families" of cars—four for Citroen and four for Peugeot—a programme far heavier than that faced by other European car producers.

For the group has no intention of merging the Citroen and Peugeot brands and distribution networks, even though they compete directly.

"Each of the two companies brings something special to the group," Mr Calvet points out. "They each have their own cultures, histories, different networks and different answers to the technical challenges. We have not hesitated to keep them apart and will continue to keep them separate.

"The group has the technical resources for the two companies to live side by side. It costs more and there are communication problems. But we are proving today we can make it."

Mr Xavier Karcher, Citroen's managing director, suggests that competition between the sister companies is also important: "The success of one spurs on the other."

The Peugeot group knows only too well the cost of merging companies. The merger of Peugeot and Talbot costs a great deal and lost much of the market share. Today Talbot has almost disappeared as a marque.

However, Peugeot and Citroen are not entirely separate. They share fundamental research programmes, computer programs and a purchasing department. Both companies also can draw from a pool of families of components when developing models.

Citroen's recovery is not as far advanced as Peugeot's. However, it is expected to report a taxable profit of about FFr 300m ($50m) for 1986 after six consecutive years of loss.

Mr Calvet expects Citroen to show improved profitability this year, the sort of result expected from a company with an annual turnover of between FFr 33bn to FFr 34bn.

Jacques Calvet: sees improved profitability at Citroen

Citroen is well advanced in its production restructuring programme. Mr Calvet points out that the company has modern production facilities, which were quickly refurbished—"that was a remarkable industrial achievement."

The company has also made the most of its redundancies. Citroen shed 4,000 jobs — 10 per cent of its workforce — in 1984, another 3,200 jobs, or 8.5 per cent, in 1985 and nearly 2,000 jobs, about 5 per cent, last year.

The company is now cutting jobs only to keep pace with productivity improvements. According to its own measurement, productivity is rising by 7 to 9 per cent a year and will continue to do so for another two to four years.

Mr Calvet says that, while the number of employees is about right, Citroen still needs to improve the workforce's quality. For this reason, 3.5 per cent of its wage bill is spent on training.

He admits, though, that Citroen is only part of the way along the product replacement path. The intention is to have four families of cars in place by the early 1990s, after which time the range will be kept up-to-date by frequent renewal.

The four families, starting at the bottom end of the range, are the AX, the Visa, BX and CX. The 2CV is a special case—"like the Volkswagen Beetle," according to Mr Calvet—and will continue to be manufactured while there is demand but will not be replaced.

However, Mr Calvet insists Citroen will not abandon the market for small, inexpensive cars at the bottom of the range.

So far, Citroen has launched the BX and the AX while the CX replacement is predicted to appear late next year or early in 1989.

Thus the bulk of the company's investment in the foreseeable future will be concentrated on product replacement. Mr Calvet points out that much of the FFr 9bn Peugeot group investment in 1987—roughly 8 per cent of turnover—will go towards the introduction of components, such as gearboxes and engines, for use by both Peugeot and Citroen.

However, Citroen will take responsibility for the FFr 4.03bn investment this year, or more than 10 per cent of its sales.

The total Peugeot group spending on production facilities will be doubled to FFr 1bn in order to increase both capacity and flexibility. Mr Calvet says the group's intention is to be able to produce 2m cars a year in the early 1990s and "to produce cars the customers order, not cars our planning departments think customers will order."

To achieve the flexibility to match volatile demand, Peugeot-Citroen must have the capacity to produce 2.3m cars a year on normal two-shift working.

Citroen's car output this year should rise from 625,000 to about 700,000. The company's European market share last year improved from 4.3 to 4.4 per cent even though its position in France slipped from 12.8 to 11.9 per cent.

Six years of losses have left Citroen's liquidity, financial structure and balance sheet in a poor state, says Mr Calvet: "This is not an urgent problem but we want two separate companies with two good balance sheets."

Citroen's balance sheet will be strengthened, probably early next year, possibly in part from its own resources and partly with help from the parent company which is quoted on the Paris bourse.

Mr Calvet insists the company must continue to "act as if we are rich" and amortise investments aggressively, not over the long term.

Citroen will invest heavily in its distribution companies. In the UK it plans to increase market share, which was 1.5 per cent in 1985, from the current 2 per cent to 3 per cent within 18 months of the AX going on sale this spring.

The improvement in Citroen's UK position followed the introduction of the BX. However, it took three years for that model to change Citroen's image as a producer of cars dynamic and highly-advanced *but not* particularly easy to drive or cheap to service.

Legal Notices

IN THE MATTER OF
IC GAS LIMITED
(In Liquidation)
(formerly Imperial Continental Gas Association)
AND IN THE MATTER OF
The Companies Act 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of May 1987 to send in their full christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned I. McIsaac and C. Morris of Touche Ross and Co. 33-34 Chancery Lane, London WC2A 1EW, the Liquidators of the said Company, and, if so required by notice in writing from the said Liquidators, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 29th day of April 1987.
I. McISAAC
C. MORRIS

IN THE MATTER OF
HERCULES SECURITY FABRICATIONS LIMITED
AND IN THE MATTER OF
The Insolvency Act 1986

Notice is hereby given that a meeting of creditors in the above matter is to be held at the offices of Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ on the twenty-ninth day of May 1987 at 10.00 am to consider my proposals under Section 23(1) of the Insolvency Act 1986 and to consider establishing a committee of creditors.

D. M. MIDDLETON
Administrator

A copy of my proposals may be obtained from Cork Gully, Archbold House, Archbold Terrace, Newcastle upon Tyne NE2 1DQ.

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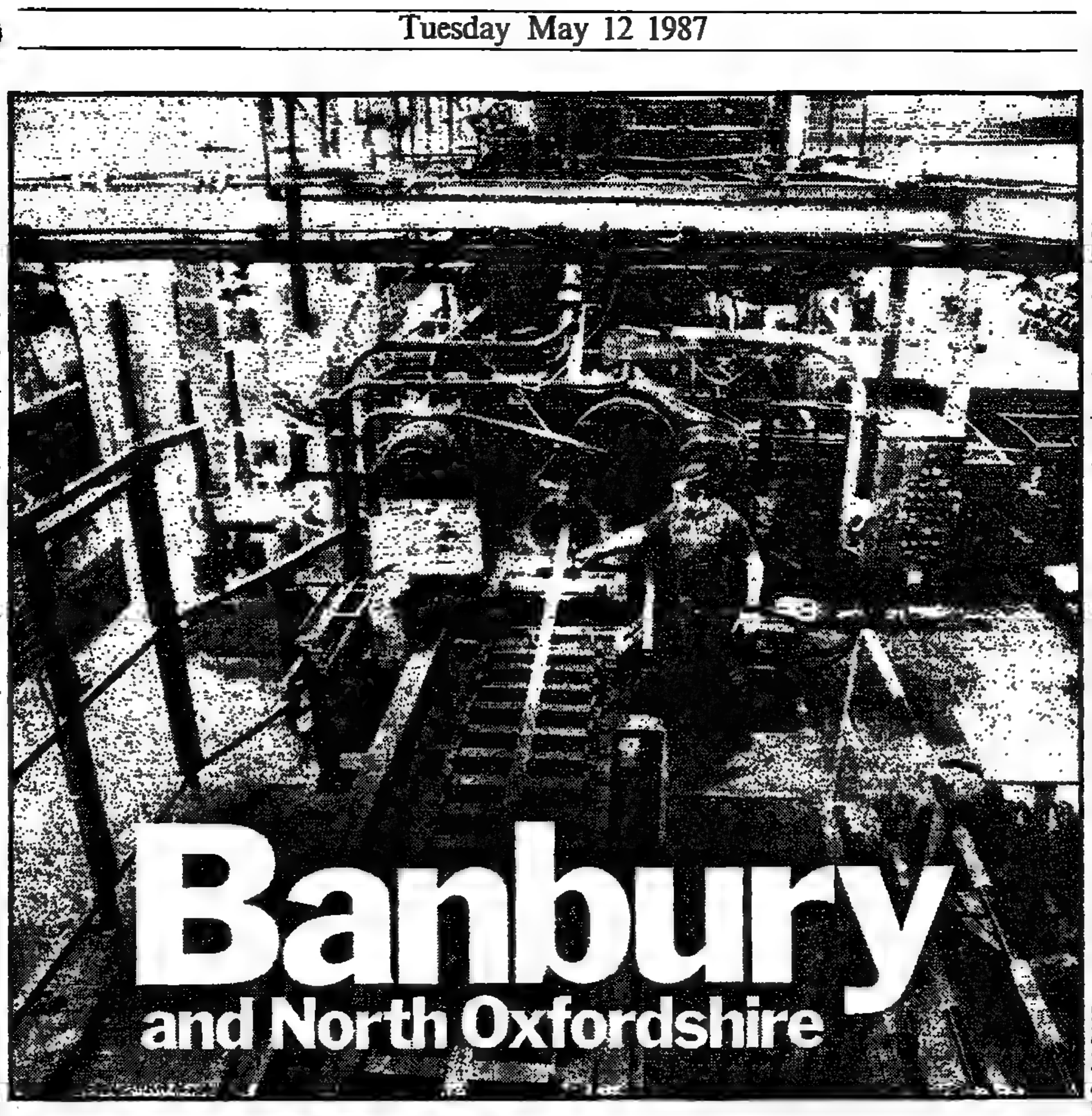
Tuesday May 12 1987

FINANCIAL TIMES

SURVEY

An historic market town in the heart of England, Banbury is hoping dynamic business growth will follow the completion in the early 1990s of the M40 from London to Birmingham. The community is now planning ahead to ensure the most is made of this opportunity.



Banbury
and North Oxfordshire

Extruding aluminium in the depths of Oxfordshire. Greatly improved communications could mean many other firms joining British Alcan in this expanding area.

Very Model of self-help

SUDDENLY Banbury, idyllic English market town of nursery rhyme fame, has been pinpointed as "one of the most dynamic areas of business growth in Europe well into the twenty first century".

The claim comes from Banbury's local Tory MP, 36 year old Tony Baldry, barrister and former personal aide to Margaret Thatcher. But it has the ring of truth.

He has been the driving force behind Enterprise Cherwell, a private sector initiative to help small business, promote new technology, create new jobs and tackle skill shortages. Baldry's Banbury seat is hardly a marginal: last time he beat Labour into third place and had a 13,000 vote majority over the Social Democrats in 1983.

But the launch of Enterprise Cherwell last month merited a visit from Lord Young, the Employment Secretary, and Geoffrey Pattie, the Information Technology Minister. Mrs Thatcher is quoted as hailing the move as "an imaginative and exciting venture".

The sceptics might note that Mr Baldry has merely assembled the local captains of industry to promote a range of initiatives that might have happened anyway. But there is no mistaking the vitality of the local economy where the small and medium sized businessses dominate. Norbis, the North Oxfordshire Business Venture Enterprise Agency has helped in the launch and expansion of more than 200 new firms in just two years.

Banbury is setting the pace whether through Nortec, a training agency formed by the North Oxfordshire technical college in partnership with the private sector, or pilot schemes such as "jobmate" under which middle managers of local companies volunteer to help one of the long-term unemployed find a job.

Perhaps the reason for government interest in Banbury is that it offers the very model for Mrs Thatcher's self-help Britain. Trade unions are weak and there seem to be no restraints upon economic growth in an area about to take advantage of its natural geographic advantages.

The planned £180m public sector investment in the M40 motorway will start this summer to provide a 46 mile route from Birmingham to the south of Banbury by the end of 1990. Twelve months after that the £70m 11-mile link through to the M40 at Oxford will open up the important Birmingham to London motorway.

Mr Jim Church, director of Banbury and District Chamber of Commerce describes it as the sort of opportunity that comes but once in a lifetime. Banbury manufacturing would gain from the speed of transport but the town itself had to ensure it acted as a service and leisure centre rather than allowing the traffic merely to hurtle past.

For Mr Church the M40 is a concept of the late 1960s and has been too long arriving. For the developers the imminent appearance of the bulldozers is a market reality. As the M40 carves its swathe through the countryside it will open up some 100 acres for development at Bicester in the south, 125 acres at Banbury, nearly 200 acres between Leamington Spa and Warwick and 100 acres at Solihull, Birmingham.

Mr Freddie Dyer, senior partner at estate agents Colliers Bigwood and Bewlay, points to "the large and sustained growth" in rent and land values that must follow. He draws attention to land prices to the south at High Wycombe which because of the M40 have jumped from £350,000 an acre to up to £500,000 in just 18 months.

Mr John Bridgeman, chairman of the newly-formed Enterprise Cherwell and managing director of British Alcan Extrusions, one of Banbury's biggest employers, argues that the time lag before completion of the M40 gives the body breathing space to get its act together: "We do not have the money to waste. We want to get it right and ensure we are complementing and supporting rather than duplicating existing initiatives."

Enterprise Cherwell with 100 founder members plans to appoint a chief executive within about six months and is hoping contributions from the private sector will provide an annual budget into six figures.

Mr Bridgeman says Enterprise Cherwell, a company limited by guarantee, is intended to act as a think tank—to provide a forum whereby a local action group can spark off initiatives and projects to stimulate economic growth and job creation.

There are plans to raise venture capital to establish a business expansion scheme for North Oxfordshire.

The need to create Enterprise Cherwell owes much to the wide catchment area upon which Banbury draws. The second largest town in Oxfordshire with a population that has grown from 21,000 in the early 1960s to nearly 40,000 Banbury does not relate to local government boundaries.

The town nestles in the north of Oxfordshire but at the junction of seven major traffic routes which give easy access to the neighbouring counties of Warwickshire, Northamptonshire and Buckinghamshire. Banbury is the focus for thousands of people across the county boundaries.

The designation Banburyshire, used in the last century, seems more appropriate and Tony Baldry took the opportunity of introducing a private member's bill in the Commons on April Fool's Day a couple of years ago to promote the idea.

In the event the local government reorganisation of 1974 saw the old borough of Banbury lumped into the new district of Cherwell which follows the river of that name southwards through Oxfordshire to embrace Bicester and Kidlington extending almost into Oxford.

Cherwell district, a segment of Oxfordshire sandwiched between the Cotswolds and the Chilterns' embraces 227 square miles and nearly 113,000 people. The Conservative-dominated council in what is a predominantly rural area became alarmed at the rapid rise in unemployment in the early 1980s—in the Banbury travel to work area up from 5 per cent in 1979 to a peak of 13.7 per cent in September 1982.

The level of jobless has eased back over the past two years to 9.6 per cent in Banbury and 6.3 per cent in Bicester but not before Cherwell District Council had established an economic development unit at its Bodicote House headquarters, Banbury.

The aim is to attract new companies and encourage the setting up and expansion of existing firms. The council offers a free business information service and employment grants are available for some new businesses.

Mr Terry Hughes, Cherwell Economic Developments Officer, says the district has two different focuses with Banbury in the north tending to look towards the Midlands.

The town saw rapid expansion in the 1960s under overspill agreements with both London and Birmingham. British Alcan and General Foods are the biggest employers but other big names include Alex Lawrie Factors, GKN and Crest Hotels. Population is projected to continue to grow by well over 10 per cent over the next decade to around 44,500.

Mr Hughes argues that Kidlington, with a population of 12,000, falls very much in the ambit of Oxford while Bicester has "a momentum of its own". Bicester in the older part of the town retains its medieval street pattern but has seen rapid expansion to more than treble in size to a population of 17,000 since the early 1960s.

This market town now has a diverse manufacturing base with electronics, printing and engineering all well represented. Further growth is projected with the population expected to increase by more than 40 per cent to 25,000 by 1996.

The unifying force for Cherwell district will undoubtedly be the M40 which will provide a new growth corridor linking Birmingham and the West Midlands in the north to Oxford and the Thames Valley in the south. Tony Baldry as the local MP is focusing attention upon the opportunities it will provide.

He takes an international perspective and points to the growth of small firms and new jobs in the US. He talks of Silicon Valley and the changing nature of work.

He enthuses about the role of Enterprise Cherwell: "We need to put the Cherwell Valley on the business map. The realities are that there is now no innovative activity which cannot be carried out right here."

Arthur Smith

BASIC FACTS

Banbury & District Chamber of Commerce,
23, Elizabeth Rise,
Banbury,
OX16 9LZ.
Tel: Banbury 58257

Council for Small Industries in Rural Areas,
The Maltings,
St John's Road,
Wallingford,
Oxfordshire.
OX9BZ. Tel: Wallingford 35523

North Oxfordshire Business Venture (Norbis),
13 Horsefair,
Banbury.
Tel: Banbury 67900

Cherwell District Council,
Bodicote House,
Bodicote,
Banbury,
OX15 4AA.
Tel: Banbury 52535
A. M. Brace,
Chief Executive and Secretary.

North Oxfordshire Technical College & School of Art,
Broughton Road,
Banbury.
Tel: Banbury 52221

Enterprise Cherwell,
c/o Mr I. North,
Tech-Nel Data Products Ltd,
8, Haslemere Way,
Banbury.
Tel: Banbury 65781

BANBURY AND NORTH OXFORDSHIRE 2

Small business development

Valley of enterprise

ERIC BURROWS has had a hand in the start-up of more than 200 new businesses in the Banbury area in little more than two years. He has helped everyone from a lady pawnbroker through to a tree stump remover. The ventures involve not just high tech and manufacturing but also the provision of unusual services such as pest control, rare stamp collecting and the organisation of shooting and fishing trips to Scotland.

Mr Burrows, a senior executive with Tesco, was seconded as director of the North Oxfordshire Business Venture (Norbis) formed with the backing of local and national business in 1984. He points to his success — he deals with around 1,500 inquiries a year — as an example of the diversity and dynamism in the area.

The Cherwell valley, with merely a handful of large employers, has a local economy dominated by the small- and medium-sized companies from which future growth is expected.

Mr Graham Fretwell, manager of the Banbury jobcentre, reports that it is expansion within companies employing up to 50 people that has created the job opportunities in recent months — and it is the service sector that is taking the lead accounting for around two-thirds of the new vacancies.

Mr John Bridgeman is managing director of one of Banbury's biggest companies, British Alcan Extrusions, but he argues strongly the importance of small business. For that reason he has taken on the role of chairman of Enterprise Cherwell, a private sector initiative aimed at creating the business environment in which new ventures will be spawned and grow.

He points to a recent study by the Massachusetts Institute of Technology, "The job generation process," which found that firms with 20 or fewer employees created 66 per cent of all new jobs in the US. Similarly the sector was becoming increasingly important in Britain producing 2.4 jobs for every one they provided in the 1970s.

Mr Bridgeman refers to a report by the Institute of Manpower Studies indicating that it will be the small companies that will lead the way out of unemployment over the next five years. It is estimated more than 300,000 people will become self-employed by 1990, creating some 700,000 jobs.

But Mr Bridgeman argues: "By definition, if it is smaller firms that are tending to create new jobs, they are in some ways the most difficult to identify, the most difficult to work with. They are small. They tend to be independent. They are volatile. The very spirit that gives them their stability and job-generating powers is the very spirit that can sometimes endanger their long-term success and survival.

The industrialists from the action group that set-up the Enterprise Cherwell initiative believe the natural advantages of the area in terms of location and manpower will make it an important growth point with the advent of the M40 link from Birmingham to Oxford.

"But geography and infrastructure alone are not enough," insists Mr Tony Baldry, the MP for Banbury, who took the lead in calling together the action group. He maintains: "A successful local economy depends on the intelligent interaction of individual members of the local business and industrial community."

Enterprise Cherwell would be building on the work already being done by Norbis and the small firms section of the Department of Trade and Industry. It would be encouraging companies to collaborate as well as compete.

Mr Baldry argues that information technology in the local economy could provide: "Massive amounts of cheap brainpower via computers: large stocks of inexpensive data on tapes and discs which that brainpower can use, and through communication cheap and easy contact for all with that brainpower."

He enthuses: "In other words, an economy of numerous small businesses that learn how to collaborate effectively in certain areas can be as powerful as any local economy anywhere in the world and that is what we want to do in Enterprise Cherwell."

Mr Bridgeman emphasises the need to stimulate new technology: "Already you will find firms in Banbury, Bicester and elsewhere in the area involved in new technology work as innovative and as inventive as anything that one could find elsewhere in western Europe, or indeed the world."

He says one fifth of the labour force in Oxfordshire is already employed in companies involved in the manufacture, research or design of computer software. A third of these ventures had been formed since 1980 and nearly half of the advanced technology business in the county had been founded within the last five to six years.

Mr Bridgeman adds: "Some 40 per cent of these businesses employ fewer than 10 people. Much more can be done to ensure that they talk to each other to develop areas of mutual interest such as training and access to equipment."

A key area where Enterprise Cherwell believes it can make a contribution is in the provision of venture capital to back new ideas and projects.

Mr Bridgeman says there are plans to set up a business expansion scheme to encourage people to invest in the economic growth of the area while also enjoying the tax benefits.

Arthur Smith

Profile/British Alcan

Classes look to the next century

John Bridgeman: "Eighty new shapes a week"

BRITISH INDUSTRY still has a major catching-up exercise ahead of it, according to Mr John Bridgeman, managing director of British Alcan's aluminium extrusion division in Banbury, which, with more than 1,000 employees, is one of the town's largest employers.

Impetus and status were both lost as manufacturing industry declined in the 1970s and 80s, he argues, at a time when America was developing a space programme which provided jobs and confidence.

He took full part in the Industry Year initiative last year and used it as a platform to launch Banbury 2000, a scheme designed to get the scientific and technological excitement of industry across to the workforce of the future. "The title emphasises a commitment for the next 14 years," he explains.

The project is being run in conjunction with Oxfordshire Education Authority. British Alcan itself has set up an educational trust to provide supporting resources, and Mr Bridgeman is particularly excited about one element—Master Classes run for local sixth formers.

"Just like the master classes held by a musical maestro, we have set up classes where world class physicists from the Alcan's international research laboratory in Banbury hold court."

Alcan's extrusion division at Banbury is the largest integrated aluminium recycling plant in Europe, with an estimated 30 per cent of the British extrusions market. Overall, British Alcan's sales run currently to some £640m, and last year pre-tax profits were £35.8m. Extrusion division sales total around £80m.

About a fifth of the division's sales go downstream to other Alcan subsidiaries—the rest to 2,000 external customers. "We make 80 new shapes of extrusion every week," said Mr Bridgeman.

To cope with the variety of demands, the Banbury works last year installed a new die-making facility based on a flexible manufacturing system and computer controls as part of a modernisation programme worth more than £1.25m.

"This year we are installing a metal recycling plant also costing in excess of £1m. This is in addition to £500,000 we spend annually on re-equipment," said Mr Bridgeman. Some 80 per cent of the aluminium extrusions which come out of the presses at the Banbury plant went in as scrap.

Half the company's output goes to the building industry, the most visible part being in the form of window frames and secondary double glazing. The current boom markets are new window frames and refurbishment of old high rise flats and office blocks.

The remaining sales are split between transportation, aerospace and electronics and communications, with aluminium's value as a heat exchanger being increasingly recognised.

"We review the market regularly, and we are involved in projects aimed at finding new uses for aluminium," he said. Examples include the MG EXE concept car developed under the auspices of the Austin Rover design team at Coventry and the TX450 concept lorry developed with Leyland before the DAF merger. Both projects involve bonded assembly as an additional weight saver.

"We are currently spending £1m a year on research and development. Our projects include improving the strength of aluminium alloys and developing adhesive bonding. In areas such as persuading the public the aluminium car is best, only time is the uncertainty," Mr Bridgeman predicted.

Graham Sidwell

Banbury's Big Companies

Name	Ultimate holding co	Turnover (£m)	Year end	Sector
British Alcan Aluminium†	Alcan	636.9	12/86	Aluminium
General Foods	Philip Morris	207.90	11/85	Food
Wall's Meat	Unilever	125.30	12/85	Food
Mattessons Walls	Unilever	92.90	12/85	Food
Mannesmann Demag	Mannesmann	92.15	12/85	Mechanical handling
GKN Autoparts Distribution	GKN plc	69.20	12/85	Motor components
Lesme	Rank Hovis MacDougall	26.40	3/86	Chocolate
Goodhead Print	—	24.10	5/86	Newspaper publishers
William Barrett	—	21.10	6/86	Furniture
Polymark Int.	—	20.90	12/85	Laundry equipment,
Cherwell Valley Silos	—	19.80	6/85	Grain
Hawker Siddeley Water Engineering	Hawker Siddeley plc	16.00	12/85	Water treatments

† Aluminium extrusion division group turnover.
Source: Jordans, Brunswick Place, London N1 6EE.

Profile/General Foods

Expansive master-blend

THE MAIN gates of General Foods' Banbury headquarters bear the insignia, not just of the US-based General Foods Corporation, its parent company, but the three feathered symbols of Alfred Bird and Sons, of custard powder fame as well.

The connection goes back to 1947 when the US company, now part of the Philip Morris group, acquired Bird's. However, these days coffee, rather than custard powder, dominates General Food's operations at Banbury, accounting for well over half of sales which last year totalled £238m. It is the town's largest single manufacturing employer with a workforce of 1,500.

Highlight of last year was the completion of the launch of the company's new brand—Master Blend Granules and Ground—after five years of development.

The granule product which, it is claimed, offers "the taste of fresh ground coffee but in instant," and was developed at Banbury using a process which effectively seals real ground coffee inside coffee granules.

The new process was put in operation as part of a £10m capital expenditure programme last year, and capital spending is budgeted to continue at around £6m annually. A further £5m a year is put into research and development.

The company has some 20 per cent of the £800m a year British instant coffee market. It also claims around a quarter of the growing market for roast and ground "real" coffee, currently worth some £70m a year.

In January, as part of the strategy to expand the coffee business General Foods bought Kenco, the brand leader in the institutional ground coffee market, from Premier Brands, the former Cadbury Schweppes foods subsidiary, bought out last year by its management.

General Foods is practically bursting at the seams at Banbury so there is no question of expanding at the Oxfordshire site. Kenco's 140 employees will stay at their Earlesfield, Surrey, base.

General Foods also has subsidiaries in Ireland which make "man meals," the increasingly popular supermarket pastas and ethnic dishes which can be stored on open, non-chilled shelves. Some 80 per cent of main meals production is sold for own-brand labels.

Labour relations at the plant, are good. Last year, there was agreement on a 4½ per cent pay increase together with a voluntary retirement scheme which gained 120 volunteers. At the same time, plant utilisation has been raised from 43½ weeks a year to 51 weeks.

Coffee, ready-to-eat desserts and main meals are all expansion areas, and General Foods is also beginning to export the Maxpax machine vending products. Maxpax moved into France three years ago and has been in Germany for 12 months.

Graham Sidwell

BANBURY AND NORTH OXFORDSHIRE 3

Employment initiatives

Resolving the paradox of vacancies

A CONSTANT cause of complaint in Banbury is that the town is categorised as "the unemployment blackspot of Oxfordshire." With the level of jobless down from the 13.7 per cent peak of 1982 to comfortably below the national average, at 9.6 per cent, some would argue Banbury's problem was at worst grey. That must certainly be true of nearby Bicester with the out of work percentage down to 6.3 per cent.

But there is a passion about unemployment in this predominantly rural community that would rival anything seen in the troubled industrial cities of the Midlands or North.

Michael Mahoney, the youthful Principal of the North Oxfordshire technical college, fixes your eye: "To the 3,000 or so people in Cherwell without a job the problem is total. Many have been without work for months. There are psychological problems and great distress."

He focuses attention on the contradiction that at a time of high unemployment unfilled job vacancies are soaring. Nor are the local skills shortages confined to the specialist or high technology areas. Mr Mahoney says: "Local employers have been finding it difficult to recruit people for jobs as diverse as chefs, sewing machinists, machine tool setter operators and nurses."

But Mr Mahoney is one of the leading figures behind a whole range of initiatives aimed at gaining a greater match between skills and job opportunities through improved training.

As principal of the college he has done much to establish links with industry and business. Some 5,500 students a year go through the college on courses covering everything from agriculture and computer-aided design to catering and cookery.

The best illustration of the collaboration forged with local industry is provided by the Nortec training agency of which Mr Mahoney is the operations director. It came into operation in 1984 as a youth training scheme managing agent but is now a company limited by guarantee with funds both from Government and the private sector.

Mr Mahoney has worked closely with Mr Jim Church, director of the Banbury and District Chamber of Commerce to identify the manpower and training requirements of local companies. Mr Mahoney says that much of what starts life in Nortec at some stage transfers to the college. He cites the example of open learning programmes.

Michael Mahoney: skills in demand

Local employers are looking increasingly to Nortec. But Mr Mahoney says it is one thing to identify training needs and quite another to find and recruit the necessary trainees.

Communication with the unemployed becomes difficult as they tend to drop out of the labour market, merely attending the local benefit office once a fortnight to sign a declaration that they are available for work.

Nor, according to Mr Mahoney, do the unemployed use Jobcentres as places to identify the skills needed by the marketplace.

Nortec has therefore taken the initiative in providing a skills bureau, opened recently by Mr Brian Nicholson, chairman of the Manpower Services Commission. Progress by the bureau located in one of Banbury's main shopping parades will be watched with interest by various government departments, Mr Mahoney says.

The bureau is intended for people of all types to walk in off the street and discover what skills are needed for the local labour market and where they might get the necessary training.

It is also a "one stop" information point for employers needing information on more effective training and how they can improve their own courses. Open learning material, books, packages and tapes are available.

Mr Mahoney says counselling to help and advise about training requirements is an important part of the service. A training access point, the local computer data base, will be in operation in the bureau to enable clients to discover quickly the local training facilities available.

It was the idea of Mr Basil Murphy, director of the British Association for Commercial and Industrial Education, a body which promotes understanding between education and industry.

Mr Murphy as a member of the Berkshire and Oxfordshire Area Manpower Board undertook personally to help five long-term unemployed find a job. For three he was successful, and argues the scheme benefits not just the unemployed but also the employed.

"I learned something about the kind of people behind the statistics, how they came to be unemployed, their problems and how they were coping. I learned about social security payments and the so-called poverty trap: about some of the reality behind the mythology."

Mr Graham Fretwell, manager of the Banbury Jobcentre, who is administering the scheme, says 35 unemployed from a wide range of backgrounds have already been counselled of which 21 had gained employment as a direct result of the assistance. Another two had gained places on work experience programmes.

Mr Fretwell reports around 10 managers from eight local companies have so far been involved in the scheme but it is planned to expand the numbers.

The time given up by a manager varied according to the case but was a valuable problem solving test and seen by the companies as a worthwhile exercise.

Mr Murphy says the scheme is a worthy example of local self-help: "I hope that Banbury businesses will not be the only ones to encourage managers to sponsor long-term unemployed people in their search for a job."

He acknowledges it might not be relevant for areas of high unemployment but suggests it could be useful in many areas of the country, such as London where people are out of work for long periods in spite of job vacancies.

Mr Murphy says he will be pressing the merits of the scheme upon Lord Young, the Employment Secretary, and to both the Confederation of British Industry and the Institute of Directors.

Arthur Smith

Profile/Countrywide Communications

'Better than the Esher line'

THE OLD Oxfordshire market town of Banbury is among the most unlikely locations from which to set out to make a mark in public relations—perhaps of all industries the one which looks to a London address and cosmopolitan image.

But 42-year-old Peter Hehir is clear about the reason for the success of the company he formed to operate out of a rented back room back in 1973: "We have delivered the goods." Countrywide Communications with an annual fee income of more than £2.25m has just been listed by PR week, the trade magazine, in the top 10 UK consultancies.

PR Week ranks Countrywide as the biggest operator outside London. Hehir goes further, pointing out that nationally the nine bigger concerns are either US-owned, public companies or subsidiaries of advertising agencies: "Countrywide is owned by the working directors. We are the largest totally independent British public relations company."

Imposing but with a relaxed style, Hehir is a man who scorns the PR hype. He smiles: "Clients are often surprised when they come here to see how big we are. It often pays to undersell the organisation and merely demonstrate how professional is the individual."

Nor as the managing director of a group which has extended into advertising, marketing consultancy and design, has he surrounded himself with the trappings of wealth or power.

His desk faces a wall in a functional office at Countrywide House, a modern but rambling complex just off Banbury high street. Group employees currently number 110 but are projected to rise in the current financial year which Hehir says will see fee annual income jump from £3.2m to around £4m.

But why Banbury? Hehir, now shirt-sleeved, rocks back in his chair and laughs: "After five years of commuting into London from Esher there had to be a better way of life."

He trained as a journalist in Scotland, spent three years in public relations in London and a similar period as news editor of the Grocer. "Sitting on the receiving end I saw so many press releases worthy only of the paperbin that I knew there was a market for a professional approach."

He confesses that the Banbury location owed much to chance though it has paid off in terms of good communications: "I was looking for somewhere between the M1 and M4. I did not think about it that much. It did not seem that significant."

Hehir argues that the staff he recruited was crucial to the growth of the operation: "There is a tremendous loyalty that you will not find in London. I am not knocking my competitors but in a small community like Banbury, where staff tend to meet out of office hours, there is a lot of mutual support. We can operate as a team."

Hehir says that from the outset Countrywide went for national accounts rather than local or regional business. "We never accepted that you had to be in London to offer the best service. Plenty of head offices are outside the capital. Banbury itself can list a string of companies including General Foods, Alex Lawries Factors and Crest Hotels."

Hehir reports the turning point for Countrywide came five years ago when, with a staff of only 20 and fee income less than a tenth of the present level, "we decided to concentrate on the things we could do best."

Prior to that the company had diversified into a number of activities such as sports sponsorship. But the salutary experience was Countrywide's venture into newspaper publishing.

The company had successfully launched the Surrey Hants Star, a joint proqect with the Guardian through its Surrey Advertiser group. "With our marketing and public relations in addition to our journalistic and selling expertise we established a market niche very quickly."

Two further launches in Plymouth and Middlesex were less successful. "We came out relatively unscathed but vowed to concentrate our resources on public relations and marketing."

Hehir confides, however, that Countrywide still has a minority holding in the Surrey Hants Star and actually manages the newspaper. He says: "The early years were very valuable to us in learning all about business. We became much more professional."

It was in 1982 that Geoff Lye, a classics graduate from Cambridge with management experience gained at General Foods, joined Countrywide to set up an advertising service. The agency, with clients such as the Milk Marketing Board and Ranks Hovis McDougall, had a fee income of £1m last year in marketing consultancy, design and advertising. It is looking to 20 per cent growth in the current 12 months.

Hehir might have curbed the desire of his journalists to be newspaper publishers but claims Countrywide Communications has one of the biggest operations for producing house magazines with some 40 titles.

For all the growth out of Banbury, the real spurt in public relations business this year has come from a new group company, Countrywide Communications (London), aimed at expansion in corporate and public affairs, technology and financial services.

Countrywide opened a London office four years ago but formed the new company to attract as chief executive and a substantial shareholder Mr Alan Butler, chairman of the Public Relations Consultants Association and a man with wide experience in the industry.

The London operation has already doubled its fee income this year to more than £1m and Hehir plans for nearer £1.75m within the next 12 months. The staff has increased from 15 to 35 and is scheduled to rise to 55.

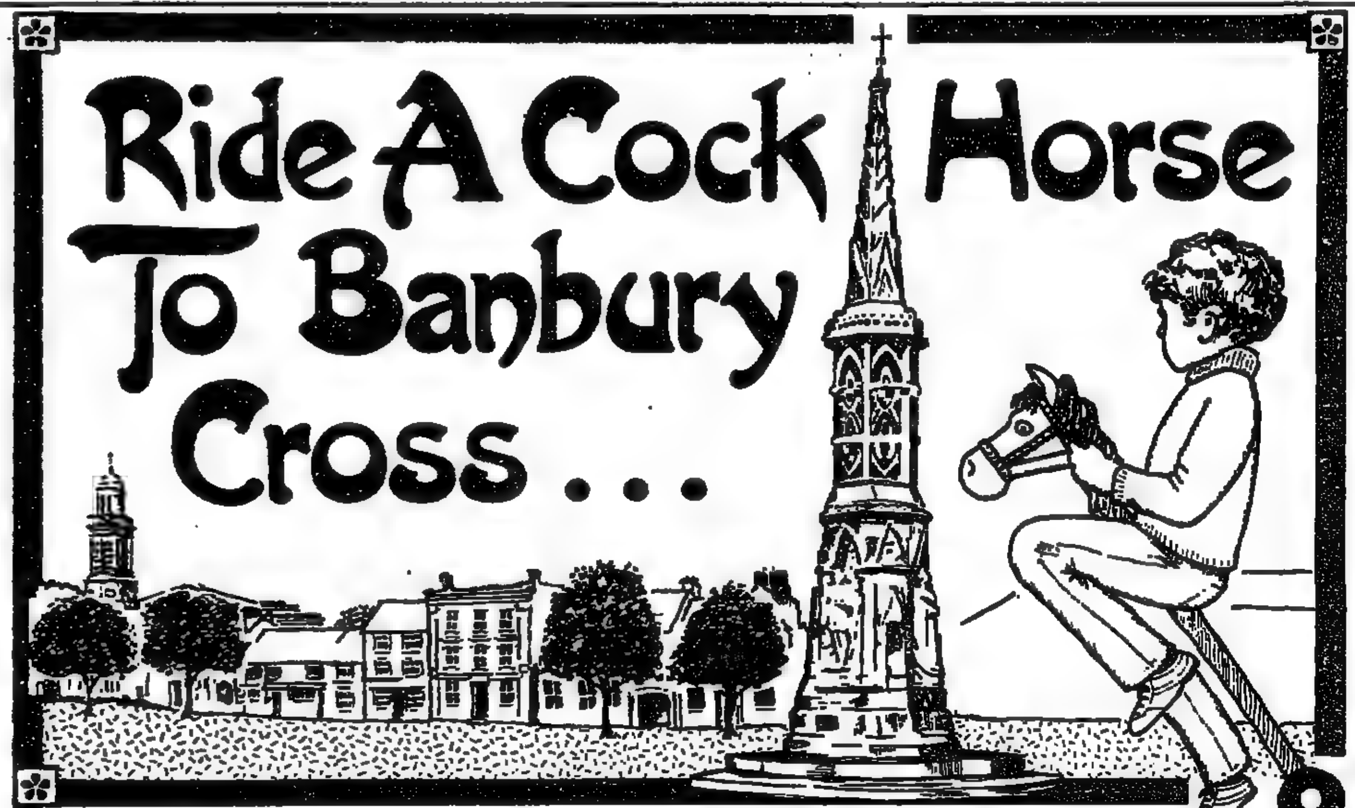
Hehir argues strongly for the benefits that flow from applying professional disciplines to public relations. "Rarely now do we justify our work just by adding up column inches. Increasingly we are getting agreement for very clear aims and objectives and the right to ask for them to be assessed by numerous measures, including formal market research."

Hehir advocates "intellectual rigour in a business notorious for indeterminate waffle." He adds: "Public relations delivers far better value than most of us realise."

Countrywide's easy example of that was the launch which it handled of Lymeswold, the new English cheese: the demand excited was higher than projected and shortages quickly arose.

Arthur Smith

Peter Hehir: staff were crucial



Yorkshire Sculpture Park/William Packer

Henry Moore returns to his landscapes

There is no truer Yorkshireman than one who leaves to make his fortune, perhaps never to return. In the autumn of 1921, at the age of 23, Henry Moore moved on from the Leeds School of Art to the Royal College of Art in London. He never again lived in his native county.

Yet throughout his long life, and through all his extraordinary success, he remained absolute in his local loyalty, proud of his origins, cheerfully prejudiced in his belief in the natural superiority of the North over the unlucky disadvantaged South. "You see," he once said, "a sculptor has to be a practical person . . . you must be a workman, you must be somebody with his feet on the ground . . . (and) in England, north country people are looked upon as being very matter-of-fact, practical, hard-working people."

"And perhaps there is something about Yorkshire *itself*," he continued in somewhat less anthropological a vein, ". . . Perhaps what influenced me most over wanting to do sculpture in the open air and to relate my sculpture to landscape comes from my youth in Yorkshire; seeing the Yorkshire moors, seeing, I remember, a huge natural outcrop of stone (the Adel Rock) near Leeds . . . and also the slag heaps . . . which for me as a boy . . . were like mountains."

Just so. Henry Moore's life's work is before all else the sculpture of the landscape, of the figure which, by infinite adaptation, finds its perfect setting. This early local influence lay dormant until the fuller maturity of the artist and the practical opportunities of mid-career aroused it to conscious expression.

From that period of the later 1930s, every chance was taken to amplify scale far beyond the immediate and the domestic and to work, if possible, to the actual landscape brief. Particular works have been secured for permanent sites in open-air collections around the world, from Scotland to Japan. In the last 20 years, a sequence of great retrospectives has sent the great mass of the work abroad into all manner of parks and gardens.

Though there have been a few such exercises here in England (the 80th birthday show centred upon the Serpentine Gallery in 1978 the most notable), there has been nothing sufficiently ambitious or extensive to capture the sweep and grandeur of Henry Moore's own ideal vision: "Sculpture is an art of the open air. Daylight, *sunlight*, is necessary to it, and for me its best setting and complement is nature. I would rather have a piece of my sculpture put in a landscape, almost any landscape, than in, or on, the most beautiful building I know."

How much he might have wished to realise his vision in his beloved Yorkshire is now, sadly, only to be guessed at. But realised it is, and in handsome and wonderfully appropriate measure.

Ten years ago, Peter Murray, then a lecturer at the Bretton Hall College near Wakefield, had the idea, and the commitment to push it through, of setting up works of modern sculpture in the grounds around the mansion.

The Yorkshire Sculpture Park was thus set up, with the active support of college and local authorities. With Peter Murray now established as its full-time director, it has proved so valued and successful an amenity and resource, national as well as local, that a £1.5m development programme is now under way, with £500,000 already committed by Wakefield itself.

Henry Moore was the Sculpture Park's first and enthusiastic Patron. In celebrating its tenth anniversary and practical coming-of-age, how right it is that he should at last come home. *Henry Moore and Landscape* (until August 31) is not in itself a large exhibition,

"King and Queen," bronze, 1952

but its 33 works comfortably occupy all the space currently allotted the YSP by the parent College.

Never before have so many of Moore's works been seen together to such exquisite individual advantage. The Park now begins at a long terrace, backed by a massive yew hedge, above a formal garden at a level high above the house. It is a place both private and open, an expanse of gently undulating lawn that, turning around a tree or bush, may lead into any one of several close and particular spaces.

Away from this garden, off to the right and sweeping around the flank of the house, the visitor is led across a steeper, meadow-like hillside, and so down past the Orangery and the tennis courts to the open parkland, with its clumps of taller trees, towards the lake. Beyond the lake, the hillside rises again to afford the Park as a whole the backdrop of a classical and mature, intermittently wooded English parkland landscape.

It is all very beautiful, and especially so in this Spring sunshine, the trees just taking on leaf enough to give them form, yet light and active. The College is indeed a busy, working campus, with its hostels, extensions, cars and of course its members, yet the landscape is various and vigorous enough to absorb it all, hidden by the slope or among the trees.

And it is just this capacity for natural concealment and consequent surprise that the disposition of the works exploits, for nowhere does one work intrude or press upon another, and time after time the next work only reveals itself at the final turn. All is surprise, the unexpected aspect, the concentrated, undistracted presentation.

Certain pieces have never looked so spectacularly well. The "Large Standing Figure: Knife Edge of 1976," never until now a favourite, commands the axis from the terrace to the house, dancing high on its plinth between the trees, but it is only as we move onto that axis at the terrace steps that it springs, as it were, into sight. But the "King and Queen" of 1953 command the show and the park from where they are enthroned so quietly on the brow of the hillside. Spectacular is not the word for it, but the setting is no less perfect for the discreet authority it lends this all but life-size couple, oddly small in the company, but lords of all.

I have only one minor quibble. The earliest work in the show dates from 1938 and is in fact a huge fibre-glass amplification of a surrealist reclining figure of that year. But Moore's positive engagement with the landscape had begun a little earlier. In 1934 he had bought Burcroft, a house in Kent standing in five acres of wild meadow with a three or four mile view across the valley.

There he would set up his blocks of stone high against the distant landscape, and work upon them directly, when "against the sky against infinite distance, a small thing only a few inches big might seem, if it has a monumental scale, to be any size." And here was the chance to do the same again to one of those seminal pieces in an ideal landscape.

The exhibition has been most generously sponsored by British Gas, whose practical commitment to the conservation of the landscape makes its participation especially appropriate. Marks & Spencer has sponsored the ancillary educational programme.

Cannes kicks off its 40th year

When three great stars and one great director founded United Artists in Hollywood in the 1920s (Chaplin, Fairbanks, Pickford and Griffith) it was memorably said that the lunatics had taken over the asylum. Much the same could be said annually of the Cannes Film Festival. Each year the little town on the Cote d'Azur is overrun by people who would normally never be released, even for good behaviour, from the immediate vicinity of a movie camera.

This year the Cannes Film Festival is forty years old and even more crowded and manic than usual. Fireworks have gone off, champagne has been drunk and Robert De Niro was flown in to open the festival. There are films and/or appearances scheduled by Fellini, Woody Allen, Wim Wenders, the Taviani brothers, Norman Mailer, Yves Montand, Prince Charles and Princess Diana.

Speaking of the last two, the British have done their bit for Cannes '87 by building a special new British pavilion. When I toured it shortly after its official opening by a champagne-popping Robert Maxwell (who has lately announced his plan to move into movies) it seemed like a place whose idea had not quite come: a discreet, well-carpeted vacuum with a few photos on the wall and a few smiling hostesses hidden behind stacks of Screen International. But in only three days' time the royal couple will be visiting, and by then we shall see what true British decorative panache is made of.

The British, spurred on by winning last year's Golden Palm for *The Mission*, are hard to get away from this year in any context. Three British competition films are promised. A host of UK movies are in the side events. And Channel 4's miracle-working film supremo David Rose—who has transformed low-budget British cinema in recent years by commissioning films like *Angel*, *The Draughtsman's Contract* and *My Beautiful Laundrette* — became first winner of the newly created Rossellini Prize for contributions to cinema. This is no mean honour since the jury for the prize includes Godard, Bertolucci, Fellini, Rohmer, the Tavianis and just *about everyone except Prince* Charles and Princess Diana.

Even movies which by rights should have nothing British about them at all, like Italian Francesco Rosi's film of Colombian Gabriel Garcia Marquez's novel *Chronicle Of A Death Foretold*, find their own way of waving the Union Jack. Starring in this strange co-production is our own Rupert Everett. He plays the mysterious wanderer who stops at a town on the river to get married, finds that his bride (Ornella Muti) is not a virgin, and precipitates murder, mystery and not a little mayhem.

This much-awaited movie, soon to open in London, is a disappointment. Abandoning the kaleidoscopic skills he showed in his best films (*Salvatore Giuliano*, *The Mattei Affair*), Rosi's approach is dogged, linear and a little ponderous. The only touch of the bizarre, and that an unwelcome one, is Rosi's solution to the language problem posed by a mixed-nation cast. Everyone speaks in Spanish, except when they come within the orbit of Rupert Everett who, although playing a Spaniard, speaks English and is answered in English. Mysterious.

But strange cultural bedfellowships are part of what one goes to a *film festival for*. Soviet director Nikita Mikhalkov's first film made outside the USSR (mostly) is the Italian-produced *Black Eyes*. Here Marcello Mastroianni, scattering ageless comic charms, plays a failed architect married to Silvana Mangano. Time: late 19th century. He falls in love with a married Russian woman at an Italian health spa and follows her all the way to Russia. Here his progress becomes as deliriously and mistakenly feted as Gogol's Government Inspector. Everyone thinks he is a great architect come to build a new *factory* rather than an ageing *inamorato* trailing after true love.

Mastroianni is magnificent. And Mikhalkov, throwing a whole lot of Chekhov stories into the melting pot (including *Lady With A Little Dog)*, produces a nostalgic, piecemeal, but authentically funny and charming film.

Festivals, sometimes daunted by the Babel-like variety of the works they have gathered, like to twin movies whenever they can. So Mikhalkov's film about an architect was shown on the same day as Peter Greenaway's *The Belly Of An Architect*. All resemblances between the movies, however, end with the fact of their heroes' profession. In Greenaway's film, far and away the best of his three features so far, Brian Dennehy is the American building designer hurtling into Europe at full tilt ("What a way to enter Italy," he gasps as he and his wife climax in a sleeping car) to mount an exhibition in honour of his hero, French architect Etienne-Louis Boullé. But stomach cramps herald cancer; the exhibition runs into trouble; his wife betrays him with an Italian (Lambert Wilson); and Rome proves a place as layered with cryptic doom and mortality as the stately home in *The Draughtsman's Contract* or the zoo of *A Zed And Two Noughts*.

Greenaway's compositional élan is astounding. Virtually every shot has a jewelled symmetry, further enhanced by veteran cameraman Sacha Vierny's lighting. And visual richness joins forces with a far subtler density in the dialogue than before (farewell, the clotted preciosity of *Zed)* and with the emergence, at last in the British director's work, of human beings rather than humours as central characters. Dennehy creates a figure of monstrous egotism and despair: a tragi-comic Falstaff obsessed with the place of the human stomach in art history, as his own belly, "pregnant" with death, rhymes itself with that of his wife, pregnant *from their very last* congress. The film's story takes place, appropriately, over nine months, and the movie is packed with enough subtlety and wit, thematic rhymes and visual splendours, to keep the film student busy for roughly the same period.

Curio corner at the Cannes festival is already recruiting some memorabilia: Louis Malle's warmly observed documentary about immigrant life in America, *And The Pursuit Of Happiness*; Souleymane Cisse's *Light* from Mali, a tribal fable clothed in rich images if sometimes baffling symbolism; and two wildly energetic costume films from Japan, Rentaro Mikuni's *Shinran* and Shohei Imamura's *Zegen*.

More shortly from the festival where life seems to begin, or certainly to gather pace, at forty.

Nigel Andrews

Anthony Delon in "Chronicle of a Death Foretold"

Tate/Barbican Hall

Richard Fairman

There are times when the hand of scholarship can deal a rotten trick. As Mozart left his C Minor Mass unfinished, there has always been an argument as to how the work might have been performed during his lifetime. A number of solutions are possible, but it is not often that a modern performance goes so far as to omit the "Credo" and "Et incarnatus" altogether in the interests of historical accuracy, as they were here.

The programme claimed that the first performance of the Mass in Salzburg would have done the same—a theory, incidentally, which H. C. Robbins Landon rejected as unthinkable at the time of editing his study score. But, whatever the merits of the case, the idea leaves a couple of pressing problems if it is put into practice. First, we lose the "Et incarnatus," which is the most sublime piece in the score; and second, the leading soprano has very little *to sing without it*.

When that singer is Arleen Augér, the result is nothing less than a crime. Anybody who came to the concert looking forward to what this ideal soprano might make of one of Mozart's most taxing and beautiful arias will have good reason to feel cheated, not least when her singing in what remained was so effortlessly radiant. Sheila Armstrong, the second soprano, sounded positively strained by her side; and the sterling support from Anthony Rolfe-Johnson and Willard White, tenor and bass, offered only a grain of compensation.

For Jeffrey Tate and the London Symphony Orchestra, who presumably chose this version, the famed "torso" of the Mass had even less body to deal with than usual. The warmth of sonority and measured dignity, which are hallmarks of Tate's Mozart, were much in evidence, especially in movements built on majestic dotted rhythms, like the "Qui tollis." The balance between the orchestra and the London Symphony Chorus also seemed more natural than usual at this venue.

The only work in the first half was Brahms's Third Symphony. In this piece the same musicianship was at work again, but transferred to the mightier scale of the romantic symphony. *Tate's style of direction* can seem temperate to a fault. Nothing is less welcome in Brahms than hard-driven energy, but there have been many conductors faithful to the spirit of the composer—Walter and Jochum come to mind — who have built the tension up to more thrilling climaxes. No cuts here: we even had the first movement exposition repeat.

Vlado Perlemuter/Wigmore Hall

Andrew Clements

Ravel died 50 years ago. The exact anniversary falls in December, and no doubt the celebrations will gather momentum through the year, but in two recitals at the Wigmore Hall this week Vlado Perlemuter is offering his own, very personal tribute. In 1929 Perlemuter presented all of Ravel's piano works in Paris, *in two recitals, performances* supervised by the composer himself. His link with that tradition remains as strong as ever; as the first programme on Saturday demonstrated, though the technique may occasionally now be fallible, the spirit, enthusiasm and instinctive understanding are perfectly preserved.

For a critic who had heard no music for more than three weeks it was a wonderfully inspiriting, often moving experience. The memory of Michelangeli's fiercely perfect Ravel performances in his recital five weeks ago is still strong; Perlemuter offered its humane antithesis, replacing Michelangeli's surgical accuracy with playing of infinite nuance and suggestion, founded on a warm and ample piano sound. His interpretative points—too clinical a description often for music-making that appeared to develop out of the very essence of the music itself — were as carefully tailored to the smaller pieces in his programme (the two *A la Manière de . . .* pastiches of 1913) as to its cornerstones, the *Sonatine*, *Miroirs* and *Le Tombeau de Couperin*.

In its complete, original piano form *Miroirs* is a relative rarity in the concert hall, usually reserved for surveys such as this. Under Perlemuter's unfailingly suggestive fingers it flowed magnificently, as convincing in "Noctuelles" and "Oiseau tristes," a deliquescent pool of shifting sonorities, lines indelibly shaded, as in the stronger contours of "Une Barque sur l'Océan" and "Alborada del gracioso." And where *Le Tombeau de Couperin* may be rendered in strictly disciplined monochrome, its purpose as 18th-century homage made to take precedence, Perlemuter allowed the "*certaine intensité intérieure*," his own phrase, to permeate every bar, lurking behind the bravura of the Toccata (splendidly delivered) and the melancholy of the Forlane. Perlemuter gives his second recital tomorrow; a foretaste of it, *Jeux d'eau*, provided the encore here. If any seats remain unsold, they should be snapped up when the box office opens today.

Actors launch Renaissance Company

The actors Kenneth Branagh and David Parfitt who financed a production of *Romeo and Juliet* at the Lyric, Hammersmith Studio last year have founded their own company. The Prince of Wales has agreed to become patron of the Renaissance Theatre Company which aims to present both modern and classical work in London and the regions.

Financed by private investment, though investigating the possibilities of sponsorship, the Renaissance opens with the world premiere of *Public Enemy* by Kenneth Branagh at the Lyric Hammersmith on July 9. He will direct *Twelfth Night* at the Riverside Studios with Richard Briers as Malvolio and Charles Kay as Feste.

During a Shakespeare season early next year at the Birmingham Repertory Theatre Studio Judi Dench will direct *Much Ado About Nothing*, Geraldine McEwan *As You Like* and Derek Jacobi *Hamlet*, in which Mr Branagh will essay the title-role for the first time.

John Sessions has devised, written and will perform *The Life of Napoleon* at the Riverside Studios in August, where a late-night programme of new work organised by David Parfitt will also be seen under the title *Renaissance Nights*.

Fischer-Dieskau/Elizabeth Hall

David Murray

To a rapturous welcome, Dietrich Fischer-Dieskau returned to the South Bank on *Saturday with a completely* different programme of Schumann songs from the one advertised. The new programme had the attraction of all-Heine texts; the loss of the op. 35 Kerner songs was easy to bear, and these days the Heine *Liederkreis* is probably safer for Dieskau than the Eichendorff one which it replaced. *Dichterliebe* was a challenge.

It was one of those Fischer-Dieskau evenings with bursts of extreme vehemence in unexpected places, and dramatic variations of tone and timbre which almost amounted to "funny voice" turns. There were unprecedented stretches of tempo-pulling to make expressive points—always to an evident purpose, but I thought it was more than "Schöne Wiege meiner Leiden" can really take, and some of *Dichterliebe* was effectively a "Fantasy after Schumann's *Dichterliebe*." And yet there was something to be learned from every phrase, even the oddest ones; and it wasn't pedagogical experimenting, but vital, personal re-creation.

Hartmut Höll was a ceaselessly alert accompanist, as he had to be. His own single quirk was a penchant for dry, abrupt endings to songs. Occasionally he was *almost* caught off guard, and in a couple of the *Liederkreis* pieces I suspected that the downward transpositions the deepening baritone requires lay uncomfortably for the pianist's fingers. The on-the-spot efforts and recoveries gave a live, nervy edge to the performances, enhancing what was anyway a quite riveting display by the great singer.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

May 8–14

Opera and Ballet

LONDON

Royal Opera, Covent Garden: Turandot, in the gaudy, exotic, powerfully dramatic production by Andrei Serban, returns with a soprano new to London (but celebrated elsewhere) in the title role – Eva Marton. José Carreras sings his first London calaf, and Jacques Delacote conducts. Further performance of the Stravinsky-Ravel double bill famous for its David Hockney designs. (240 1066).

English National Opera, Coliseum: This week two very different versions of the Don Juan legend play alongside each other in the ENO repertory: the new production, reasonably successful, of Dargomizhsky's Stone Guest; and Don Giovanni, excitingly conducted by Roger Norrington. Orpheus in the Underworld, also in the schedule, is more notable for the elaborate Gerald Scarfe sets than for any very restful sense of Offenbachian satirical merriment. (836 3161).

PARIS

Maguy Marin's ballet Lecons de Tenebres to Couperin's music conducted by William Christie in which light is created out of chaos and darkness. Lazzini's La Fille Mal Gardée in a refreshing pantomine version Paris Opéra. (4266 5022).

Spectacle Paul Jenkins and Kerel Appel. The scene is handed over to the two painters who create to music by Henri Dutilleux and Nguyen-Ghien Dao conducted by Gilbert Amy at the Opéra Comique. (4296 0611).

Anne Teresa Dekeersmaeker combines in her company Rosas two sources of inspiration – the European classical dance with New York's post-modern dance at the Théâtre de la Ville. (4274 2277.)

Nabucco is in a super-production of 650 performers, two orchestras and three choirs at the Palais Omnisports till May 22. (4346 1221.)

WEST GERMANY

Berlin, Deutsche Oper: The week features the premiere of Hugenotten conducted by Jesus Lopez Cobos in John Dew's production with Angela Denning, Pilar Lorengar, Victor von Halem and Lenus Carlson, joining the repertory of Der Fliegende Holländer conducted by Heinrich Hollreiser in Rudolf Sellner's production with Kaja Borris, Marita Napier, Jose von Dam and Gerd Brenneis; Der Troubadour conducted by Stefan Soltesz in Herbert von Karajan's production with Eva Randova, Maria Teresa Reinoso, George Fortune and Corneliu Murgu; Hoffmanns Erzählungen with Faye Robinson and Kenneth Riegel and The Magic Flute. (3 43 81).

Frankfurt, Opera: Last performance of Jenufa, in which June Card, Anny Schlemm, Sona Cervena and William Cochran sing the main parts. Die Entführung aus dem Serail, conducted by Peter Hirsch has the leads Faye Robinson, Sudan Roberts, Hans Peter Blochwitz, Gerolf Scheder and Uwe Peper. Benjamin Luxon repetats his performance in the title role of Don Giovanni. Also offered, Orpheus in der Unterwelt and Busoni's rarely played Doktor Faust. (2 56 21).

Cologne, Opera: Der Rosenkavalier has a strong cast with Margaret Marshall, Delores Ziegler and Helmut Berger-Tuma. Fidelio brings Maria Slatinaru, Hans-Günter Nöcker and Hermann Winkler together. Zar und Zimmermann is a well done reportoire performance. (2 07 61).

Stuttgart, Württembergisches Staatstheater: Guest performance of the Bolshoi Theatre with Boris Godunov, sung in Russian. The week also features Jenufa and La Cenerentola. (2 03 21).

ITALY

Florence, Teatro della Pergola: (50th Maggio Musicale Fiorentino): Richard Strauss's Capriccio (sung in German) conducted by Gustav Kuhn and directed by Willy Decker with Felicity Lott singing the part of La Contessa, Josef Protschka (Flamand), Wal Ton Gronross (Olivier), Manfred Jungwirth (La Roche) and Mariana Lipovsek (Clairon). Scenery designed by Wolfgang Gussman and costumes by Marion Gerretz (277 9236).

Florence, Teatro Communale: Three Ballets. (277 9236).

Venice, Teatro la Fenice: Manuel de Falla's two-act opera La Vida Breve, Schoenberg's Erwartung, and Puccini's one-act opera Il Tabarro, directed by Franco Pero and conducted by Christobal Halfter. Sung by the Fenice Choir with Sylvia Sass, Vincente Sardinero, Giuseppe Giacomini and Teresa Stratas. (521 0161).

Bologna, Teatro Communale: Don Quichotte by Jules Massenet conducted by Alain Guingal with an excellent cast: Ruggero Raimondi (alternating with Michele Pertusi), Margarita Zimmermann/Marta Senn and Oslavio di Credico. (529 999).

Milan, Teatro alla Scala: A new production of La Fille mal Gardée (choreography by Spoerli) conducted by Michel Sasson. The first night of Madame Butterfly with Japanese soprano, Hayashi in the title role. Garcia Navarro conducts. (809 126).

Rome, Teatro dell'Opera: A revival by Alberto Fassani of Luchino Visconti's 1964 version of Mozart's Marriage of Figaro, using the original sets and costumes, conducted by Gustav Kuhn. The cast includes Anne Sophie von Otter (alternating with Diana Montague), Alessandro Corbelli (alternating with Thomas Hampson), Claudio Desderi and Adelina Scarabelli. (461 755).

Naples, Teatro san Carlo: Efrem Kurtz conducting Fidelio, directed by Filippo Sanjust (co-production with the Rome Opera), who also designed the scenery and costumes. In the cast are Sabine Hass, Elisabeth Gale, Tom Krause, Robert Schunk and Hartmut Welker. (7972 412).

NETHERLANDS

Amsterdam, Muziektheater. The Netherlands Opera production of Puccini's Madam Butterfly directed by Monique Wagemakers and designed by Hermann Soherr. The Netherlands Philharmonic conducted by Charles Badea, with Hiroko Nishida (Cho-Cho-San), Franco Farina (Pinkterton), Judith Christin (Suzuki), and Malcolm Donelly (Sharpless) (Wed). (255 455).

The National Ballet with Before Nightfall (Christe/Martinu), Corps (Van Manen/Berg), Seventh Symphony (Van Schayk/Beethoven). Mon in Groningen, Schouwburg (12 56 45), Wed in Eindhoven, Schouwburg (11 11 22).

VIENNA

Staatsoper (51 444/2655): Otello conducted by Mehta with Domingo, Tomova-Sintov, Lilova, Bruson, Kaloudof, Vienna Boys Choir; Jenufa Conducted by Mackeras with Slania, Rysanek-Gausmann, Alexander; Werther conducted by Plasson with von Stade, Sasaki, Hensrud, Kraus, Vienna Boys Choir.

Volksoper (51 444/2657): My Fair Lady; Hoffmanns Erzählungen; Der Opernball; Der Vogelhändler.

NEW YORK

New York City Ballet (New York State Theater): More than 40 works by Balanchine, Robbins, Peter Martins and other choreographers will be part of the two-month-long 86th season, including two new works by Martins set to music by Handel and Michael Torke. Ends June 28. Lincoln Center (870 5570).

WASHINGTON

Turkish National Folk Dance Company (Concert Hall): Eastern and Western in fluences at work on an old civilisation at the crossroads of cultures (Mon). (254 3776).

Mark Morris Dance Group (Terrace): Contemporary group doing the work of its choreographer and leader, Mark Morris, who has been compared to Twyla Tharp (Thur). (254 9895).

Saleroom/Susan Moore

Strong French market

The market for French 18th and 19th century drawings goes from strength to strength. At a sale of the Gilbert Levy (1883-1944) collection at the Hotel Drouot in Paris last Wednesday estimates were doubled right across the board, with exceptional prices paid for a group of drawings by Eugene Lami (1800-90) and Moreau le Jeune (1741-1814).

Lami's gouache "Costume Ball at the Opera" of 1842 soared to FFr 235,000 (estimate FFr 80,000-100,000), while a typical watercolour of a London subject, a "fete" at Buckingham Palace, estimated at FFr 60,000, made FFr 160,000. A sheet of lion studies drawn from life by Moreau le Jeune in 1776 turned out to be the greatest surprise, selling for five times its estimate at FFr 550,000.

But it was not only the lesser lights of the 18th century that found a welcome reception. A *delightful* Fragonard pen and watercolour drawing of the garden of an Italian villa changed hands at FFr 820,000 (estimate 300-400,000). And of the handful of drawings by or attributed to Boucher, the most highly sought after, "le Jeu de Colin Maillard," painted in Grisaille, fetched FFr 750,000. A less dramatic success was a Watteau crayon drawing thought to be of the artist Rosalba Carriera, which found a new home at FFr 520,000.

One of the most interesting lots on offer was a sketchbook belonging to Jacques-Louis David which relates to his monumental painting of the Coronation of Napoleon. It's sale for FFr 990,000 was pre-empted by the Musée du Louvre, whose collection it will now join. The top lot, however, was a fantastic pen and ink harbour scene by the Venetian Francesco Guardi which, estimated at FFr 400,000, sold for FFr 1.3m.

The sale, organised by the largest firm of auctioneers in France—though small by London standards—Ader Picard Tajan, was unusually well publicised in France. A dedicated group of collectors of French 18th and 19th century drawings have ensured the strength of this market in France for a number of years. In this sale, however, a number of the top lots went to London dealers.

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Offering a real choice

AT FIRST sight Mrs Thatcher's decision to call for a dissolution at this point, with nearly a year of her elected term remaining, and some business unfinished, falls into the same opportunistic series as Mr Wilson's unsuccessful attempt to catch a favourable eddy of public opinion in 1970, and her own highly successful enterprise in 1983.

However, what Mrs Thatcher achieved last time, thanks to the pro-government sentiment after the Falklands war, was simply an extension of her first term.

Her domestic policies were still seen as so unpopular that virtually no new departures were offered. It is only now, after some years of economic recovery, that she feels able to put the really important question to the voters: do they want the Thatcher revolution extended, and in some sense completed?

Decisive debate

The opinion polls suggest that radical policies have enough support to be put through (though nothing like majority support), and the City appears to have no doubt at all about the verdict; but it is surely much too early for certainty.

If the Conservative manifesto is as radical as is promised, then Mr Neil Kinnock may get what he is already loudly demanding: an election fought solidly on real policy issues. Since the polls show that very many voters are still hesitant, the policy debate could be decisive.

It is a sign of how far Mrs Thatcher has succeeded in setting the terms of the national debate that Labour has, except on one issue, been forced back on to what is essentially a defensive strategy. It is stressing responsibility in its fiscal proposals; in place of nationalisation there is a proposed public sector investment bank to supplement the markets in allocating capital. The trade unions will lose some of their present disabilities, but some of the Thatcher reforms are now accepted.

If Labour's policies were limited to these objectives, together with some redistribution and a firm dedication to the public services, it could be said that it is now Labour which is appealing to the normally conservative instincts of many voters—to their distaste for too much change.

However, Labour's defence policies ensure that it will itself be seen as unacceptably radical by such voters; so that it is ironically the Alliance, despite its claims to break the mould, which will most squarely appeal to the quietist vote. Indeed, this is now more or less explicit. Despite its own highly detailed policies, the Alliance is offering itself as a restraining influence.

London factor

The greatest danger to a campaign which could do some credit to the democratic process is perhaps Mrs Thatcher herself —or rather the very strong feelings she arouses. Indeed, he increasingly authoritarian style and the Government's excessive attachment to secrecy are genuine issues. It will be a tragedy if these factors divert too much attention from the policy choice the country now faces.

On the Labour side, too, there are important subsidiary issues — the threat of what is becoming known as the London factor, a mixture of extreme left entryism and an obsessive stress on minority issues. The party enters the campaign still fighting some constituency organisations on their choice of a candidate, and no doubt wishing that it could disown some more.

There is, in short, enough political rubbish littering the scene to obscure the real issues behind a smokescreen of abusive personalities. It is to be hoped that the Government recognises its own strong interest in avoiding a mudbath campaign.

The more clearly the question is put, the more the Conservatives will be able to claim real democratic legitimacy for the revolution they want to push through—and the more permanent it is likely to prove if they win the right to do so.

A 'cold shoulder' for the Panel

THE THATCHER Government is going as far as it can to integrate the rules governing the conduct of takeovers in the UK into the framework of investment law, without taking the final step of giving them statutory backing. The question is why it is seen to be so important to keep the Takeover Panel as a non-statutory body, and whether this compromise can be effective in a market where the old club rules have lost their force.

The need for reform has been highlighted by a number of bid battles in the past year or two — most notoriously the fight for Distillers — in which a number of top City firms ignored the letter as well as the spirit of the Takeover Code. Self-regulation, which requires the active support of the people being supervised, appeared to be *breaking down visibly*. Strong arguments for change have been coming not just from the Left but also from within the City and the Treasury.

Badly needed

They have been resisted, at least for the time being, and not just for doctrinaire reasons. On practical grounds, any major change would be seriously inconvenient in that primary legislation would be required to modify the Financial Services Act, which is only just finding its way into the statute book and which is badly needed. More fundamentally, there remains the conviction that an independent body can be much more flexible and speedy in its decision-making than a statutory agency, and that it can be given a wider remit. Takeover fights can be very dirty indeed in the US, where the main job of the Securities and Exchange Commission is to make sure that disclosure provisions are followed and time constraints observed.

The fear is that if the Takeover Panel were to be incorporated fully into the Securities and Investments Board, there would be no hope of finality in contested bids. Frustrated losers would appeal their case all the way up to the House of Lords. And those who felt they had lost money as a result of the rules being broken would sue the intermediaries which they held to be responsible under Section 62 of the Financial Services Act.

So the new system is to be built on all kinds of delicate, not to say artificial, relationships. The idea is to go as far as possible to make sure that all approved investment businesses should follow the Code without actually making it a rule for them to do so. There is even to be a kind of official black balling system, to prevent approved practitioners from acting for people who have shown themselves willing to ignore the Code. This concept is described, with a straight face, as "the cold shoulder."

Clearer picture

Overall, it looks as though the *main sanction against breaches* of the Code will be that they will reflect on whether firms *should* be judged fit and proper to continue in business under the Financial Services Act. In extreme cases, they could be shut down.

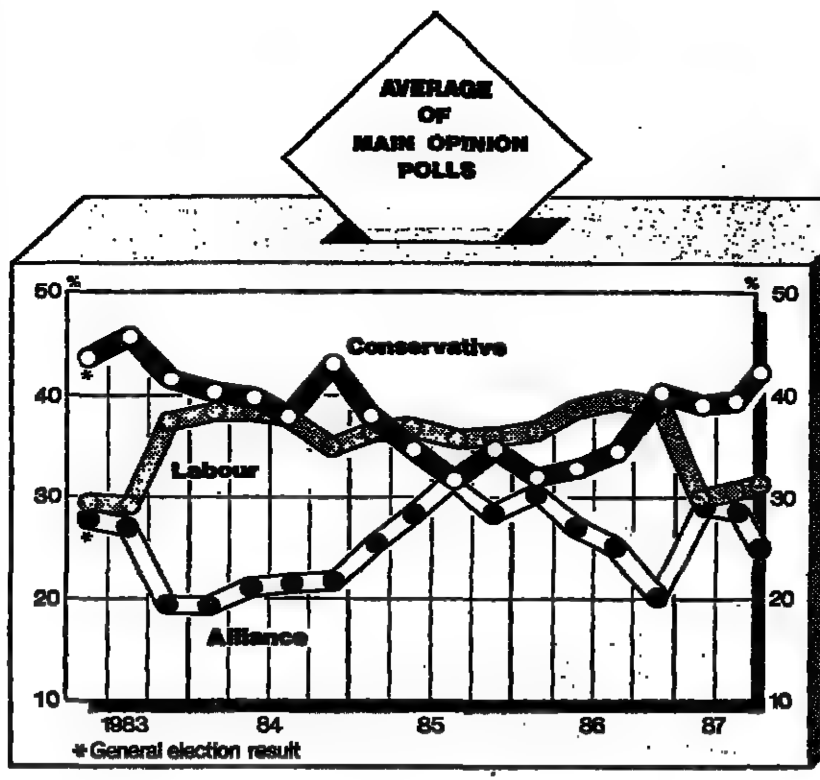
Coupled with other recent changes, this should make merchant banks and others think twice before they cut corners in future. Perhaps the most important recent development is that the Panel has been able to get a much clearer picture of who has been buying what from whom, thanks to the Stock Exchange's *more transparent trading* system. The Panel's governing body has been beefed up considerably, and its ability to investigate breaches of the rules should be much strengthened by yesterday's proposals.

Yet it is hard to escape the view that the stakes in the takeover game have become too high to make this compromise work. Other problems, like the use of anonymous offshore names, are still to be tackled. Maybe it is worth having one more go at bringing up to date a system which has worked well in the past, and it could be that the pendulum is now swinging away from the extremes of the Distillers case. But does anyone really believe that the cold shoulder rule will still be in force, say, five years from now?

BRITAIN'S GENERAL ELECTION CAMPAIGN

This time it is different

By Peter Riddell, Political Editor



THE FORMAL confirmation yesterday of a June 11 general election was almost an anti-climax. But, despite the confidence of the financial markets and the bookies in a Tory victory, it is not a risk-free strategy.

Prime Ministers can misread public opinion. This century they have been wrong in their timing of general elections as often as they have been right.

There are, for the Government, uncomfortable parallels with 1970, as well as with 1983. As Labour's Mrs Barbara Castle recorded in her diaries at the time, "Now all five polls put us in the lead. The borough election results were far better than we had dared to hope and if we went to the country now we ought to get a majority of over 20." She wrote this about the attitude of Prime Minister Harold Wilson on the eve of his decision to seek an unprecedented third term by calling a June election—which Labour unexpectedly lost.

Memories of this defeat explain the caution of Conservative leaders. Nevertheless, the party starts the campaign as the clear favourites to retain power. Recent opinion polls and last Thursday's local elections have pointed to an overall Tory majority in the next House of Commons of at least 20 to 30, and possibly of over 100. This compares with a current margin of 136 at present.

Yet for all the obvious similarities of mood with 1970 the Tory position now is more *favourable than Labour's then*, when the apparent and, as it turned out, misleading change of opinion was sudden. Labour had only had a small opinion poll lead over the opposition for just over a month before it decided to call the election.

This time the Tories have been in the lead for nearly six months. But in 1983 they had been ahead for over a year and their lead was larger. In the week the election was called then the Tories' average rating was 47.5 per cent, with Labour 32.5 per cent and the SDP/Liberal Alliance at 18.8 per cent. The comparable figures now are the Tories at 42 per cent, Labour at 32 per cent and the Alliance at 24.5 per cent.

These differences could be crucial since much can change during a campaign. With a decline in public commitment to particular parties, not only are voters more volatile in their preferences but a higher proportion make up their minds during the course of the campaign itself. For instance, in 1983 Tory and Labour support both fell by about 4 percentage points during the campaign, to the Alliance's benefit. This is more than double the average change in each party's vote in the month up to polling day in 1970.

Moreover, more than a quarter of the electorate now claim to have left their final voting decision until the campaign, with nearly a third having seriously thought of changing their voting intention.

So the campaign can matter. This is primarily a question of general image. In 1970, Harold Wilson fought what the late Richard Crossman described as a "Trust my Harold" election,' dispensing with practically all policy. But the approach backfired and "Harold's comfy, complacent, good-humoured mixing with the crowds hadn't been able to sustain itself for more than a fortnight."

In 1983 Mrs Thatcher did not really have to fight an election. The Tory lead appeared unassailable from the start and Labour's campaign fell apart with splits over defence policy and Michael Foot clearly inadequate as Labour leader. So the Tories could rely on attacking their opponents and, with a remarkably thin election *manifesto*, they did not have to say much about policy.

This time it is different. The smaller Tory overall lead and the stronger Alliance position both argue against complacency. Senior ministers, meeting since last summer in Mrs Thatcher's strategy group, the A team, have been agreed that, after eight years in office, the party will have to justify a third term.

So the watchword is radicalism with the crusading edge of Thatcherism extending into the social policy areas of education, housing and the inner cities. The Tories will be keen to emphasise their new ideas and to exploit the dissatisfaction of working class, as much as middle class, voters with existing local authority provision. It is likely to be a populist campaign, stressing voter and consumer choice, as well as extending home and share ownership. The very radicalism of this approach has already led to allegations by Labour of a hidden manifesto, threatening major extensions of Value Added Tax and a squeeze on the health service.

The opposition parties hate the different problem of establishing credibility. Labour has a number of obvious pluses and minuses. On the debit side the party's starting position in the polls and local elections is lower than four years ago, and it is stuck with the recent arguments over nuclear defence, black sections and the "loony left" description of the party in London and some other cities.

On the credit side, Mr Neil Kinnock is clearly a stronger leader than Mr Foot and is a more attractive campaigner. The party's organisation should be more effective and self-disciplined than in 1983;

Similarly, the party's manifesto, called "the longest suicide note in history" in 1983 by one shadow cabinet member, will this time be tighter. Specific commitments will be limited, notably to the £6bn job creation programme. Despite fierce Tory attacks the party will seek to shift discussion away from sensitive areas like defence, where it is committed to a non-nuclear policy with some ambiguities over timing. It will seek to concentrate on issues like jobs, the health service, education and housing which appeal to traditional Labour voters.

The Alliance looks like starting the campaign in a stronger position than in 1983, when its rating fell for the first 10 days of the campaign. It has a more experienced constituency organisation than before, and the SDP, in particular, has put sizeable amounts of money and resources into a number of target seats.

Voters are more volatile in their preferences and a higher proportion make up their minds during the campaign

But for all this activity the Alliance is still short of making the breakthrough to where it could plausibly claim to form a government on its own.

Its aim is to win enough seats to prevent an overall majority for any other party and so to have a say in the next Government.

This will involve a fine balancing act about which party, Conservative or Labour, it might be willing to reach an agreement with — thus risking alienating the supporters of the other party.

The Alliance will therefore attempt to steer a middle way. It will attack the Government for the unnecessary social and unemployment consequences of Thatcherism and attempt to distance itself from Labour over defence and in presenting "responsible" economic and public spending policies.

For instance, it will later today reveal public spending plans which it says are the first produced by an opposition party to have been audited by an independent commercial firm.

Both opposition groups are, to some extent, better placed than in 1983, but how far can they threaten an overall Commons majority for the Tories? The basic arithmetic is clear—as long as the Tories retain about 38 to 40 per cent of the total vote they should win such a majority. This would be one of the lowest percentages ever won by a governing party, and considerably less than achieved by many opposition parties in the old days of two-party dominance.

But, now with the opposition vote split, the Tories can win with a lower percentage of the vote. In 1983 they achieved a landslide in terms of Commons seats with a drop of two percentage points in their total vote.

The Tories are not invulnerable. A 4 to 5 per cent switch of votes directly from Conservatives to Labour would produce a hung parliament without an overall majority. But Labour has hardly ever improved its share of the vote during the course of an election campaign. Indeed, last Thursday's local election results showed that Labour might have trouble holding onto some seats it already holds in the Midlands

The other threat to the Tories comes from the Alliance. But even though SDP and Liberal candidates came second to the Tories in 271 seats in 1983, they were generally well behind, being within 15 points of victory in only 52 cases. This is because of its even spread of support throughout the country which explains why the Alliance has to win over a third of the total vote before it wins even 100 seats.

However, the Alliance argues that it may win more seats than the national arithmetic suggests as a result of its policy of targeting seats. The impact was shown in last Thursday's elections when the Alliance obtained the largest number of votes, or came very close, in 25 to 30 parliamentary constituencies it does not currently hold. Most of these are Tory held but some, like Blyth Valley and Liverpool Broadgreen, are currently represented by Labour MPs.

The Alliance will also be hoping to take seats through tactical voting by attracting the support of Labour voters in seats which their candidates cannot win. But the evidence so far is that such switching is likely to be limited in its impact.

Looking at the national picture after last Thursday's elections, many Labour MPs would privately be relieved to boost their current total of 209 (excluding vacancies) to between 240 and 250. And after all his efforts of the last four years that minimum advance is necessary for Mr Kinnock to show that Labour is not in terminal decline.

Alliance strategists regard a doubling of their current representation of 27 as a realistic target, though Dr David Owen has set his sights higher—on achieving a central position in a hung parliament.

These calculations would still leave the Tories, just, with an overall majority and explain both their current self-confidence, but also paradoxically their caution. The Tories are aware of the danger that talk of an inevitable win could produce complacency, and a lower turnout, among their own supporters. Such a mood could also lead to a switch of support to the Alliance among those wanting to create a check on Mrs Thatcher.

Indeed, the dominant leadership style of Mrs Thatcher, and the abrasiveness of party chairman Mr Norman Tebbit, are themselves likely to be a major election issue, and will lead to an emphasis on a team approach.

Tory strategists also remember what happened in the West German elections last January when the large opinion poll lead for Chancellor Kohl's ruling coalition during the campaign was dramatically reduced on polling day, to the benefit of the centre parties.

But while the opinion polls could produce a few excitements during the next month over the possibility of a hung parliament, the odds are still on Mrs Thatcher achieving an unprecedented third term.

Men and Matters

All in a day's work

Every day could be a holiday *in the Civil Service if the* CPSA clerical staff union has its way.

Against the better judgment of the union's leadership, the CPSA conference at Blackpool yesterday voted to try to negotiate special paid leave for minority religious groups observing festivals such as Diwali and Yom Kippur.

Anticipating accusations that this would unfairly mean extra holidays for non-Christians, John Giltrow, a London delegate who proposed the move, said: "If you are a sincere religious believer, you are not going to run away to Butlins *for a couple of days instead* of celebrating Ramadan."

What worried the leadership, though, was the scope of the plan. There are 43 different ethnic minority groups working in the Civil Service, many of them with festivals tied to no fixed date. Much of the calendar could thus become optional paid leave for one group or another.

Stewart Maclennan, a delegate from Glasgow, counselled caution. A claim by Roman Catholic members of his branch for paid leave for the papal visit some years ago, he recalled, had a marked impact on the solidarity shown by their *Protestant colleagues.*

Bird in hand

Peter Wood was scrambling around the Globe Theatre building site on the City's south bank last week hoping to catch sight of a redstart—a rare feathered visitor. He had been tipped off by some birdwatching friends of his at the Bank of England.

But Wood is also adept at watching shy specimens at the Bank. He has just been appointed general manager and treasurer of Barclays Bank, a post which makes him "Mr Base Rate" at the clearer which usually leads changes in interest rates—as it did last Friday.

Wood, a quiet-spoken 43-year-old, is unusual among those reaching such heights in a bank: he has never been a branch manager and has never made a loan in his life. He qualified as a mathematician, and first joined Barclays 20 years ago as a statistician.

But he describes these qualifications as "highly fortunate." Modern treasury business has become so complicated with the development of sophisticated instruments like options and swaps, he says, that it takes a mathematical mind to master it. The fact that Barclays has now elevated the post of treasurer to general manager level is also a recognition of the large contribution that treasury makes to profits. Not to mention the contribution bird-watching makes to finding yourself in the right hides.

Energy gap

What costs $1bn and sleeps four? That is the riddle they are asking in Washington. Answer: Peach Bottom, the nuclear power station shut down by the US Government's nuclear inspectors when they found evidence that its control room staff were in the habit of sleeping on duty.

Jokes about Peach Bottom prompted a Washington paper, The Energy Daily, to run a competition to find the best way of keeping nuclear plant operators awake. A civil servant in the Department of Energy suggested that some of the reactor's electricity might be diverted to energise their seats —just enough to put them on their toes.

A lady from another electricity company proposed that sensors should be used to pick up the rapid eye movements behind the closed lids of the dozing operators and activate an ejection seat.

A power industry engineer thought sensors should be used, instead, to set off a rousing performance of the 1812 Overture.

But the winning entry places no faith in such high technology. It is an idea culled from Britain's Victorian chemical industry in which operators watching over the hazardous process of brewing nitroglycerine in large open vats were seated round the rim on ... one-legged stools.

"Anywhere — anywhere — so long as we're away until June 11th"

Lost leader

Things are not going well for MCI, the US long-distance telephone company which is struggling to maintain its market position against the mighty AT & T. MCI's operating profits have tumbled and its stock is not far from its all-time low.

But the greatest blow to MCI is the absence of William McGowan, the company's chairman and guiding light, who is recuperating from a heart transplant operation, performed last month but only just made public.

A paunchy chain-smoker with a disarming grin and a taste for a scrap, McGowan, who is 60, built up MCI from a tiny common carrier to the second largest long-distance company in the US, having grown up on the railroad in Pennsylvania, McGowan made it to Harvard Business School. His dogged 11-year legal battle with AT & T was the wedge that finally broke open AT & T's monopoly of the long-distance market. He is unmarried—except to MCI where he used to put in a seven-day week.

Company officials hope that McGowan will soon be back at his desk. For the moment, *Orville Wright, the 66-year-old* president of MCI, has been brought out of retirement as acting chief executive. Supporters hope that Wright's more cautious and systematic approach can help tackle the problems of rising costs and savage price competition in the long-distance market.

City lights

Caryl Churchill's comedy, Serious Money, has been attracting large audiences of City dealers to the Royal Court theatre, no doubt to ensure that the play's *yuppie* traders have not discovered some wrinkle that might be useful in the real post-Big Bang world.

The FT's review noted that the play has "pleasurable overtones of the Guinness affair, the Boesky business and the Halpern hype." None of which I am assured, is why the audience last night included a party from the Securities and Investments Board. The regulators' visit, I am told, should not be regarded as a works outing.

Not impressed

Heard in a Hampshire pub: "I suppose I'll vote Conservative again, but this time I'll make a much fainter cross."

Observer

Letters to the Editor

Sun Alliance backs Sun Life in confrontation

From the Chief General Manager, Sun Alliance Insurance Group

Sir, — The confrontation between the board of Sun Life Assurance Society and its largest shareholder has been widely publicised.

My own office, because of its historical connection and ties of friendship with Sun Life, happens, with 5.2 per cent, to be the second largest shareholder. We both compete directly with each other and with all other offices transacting life business in the United Kingdom.

We have, nevertheless, given and shall continue to give our support to the board, management, staff and policyholders of Sun Life. May I explain why?

Life policyholders choose the office to which they wish to entrust their long-term savings —mostly under contracts which could be terminated only with disadvantage. The loss of life assurance premium relief or the insurability of the policyholder are but two examples. The directors of a life office are therefore, in effect, trustees for their captive policyholders and the importance of this duty in practical terms in Sun Life may be discerned by a glance at the last accounts which show policyholders' funds of £4.6bn.

Directors should never be appointed who may be, or may even be thought to be, capable of putting the interests of shareholders above those of the policyholders—that cannot be a proper interpretation of their duties.

Of course, any fit and proper person should be free to form and operate a life assurance company in the United Kingdom and invite the public to buy his policies; but it cannot be right for anyone to seek to gain control of large blocks of British people's savings when the policyholders cannot in practice withdraw and take their money out even if they dislike or distrust the motives of new directors.

If a bank, for instance, is taken over, depositors who so wish can readily withdraw their cash; life policyholders usually cannot. This makes life companies improper targets for disputed takeover bids.

Of course, an additional reason why my office will support Sun Life at the meeting on May 13 is that, although it has always behaved impeccably in observing its duty to its policyholders, it has been for us, as its longest-term shareholder, such a satisfactory investment.

Geoffrey Bowler.
Bartholomew Lane, EC2.

Applying for new issues

From Mr B. Coleman

Sir,—In view of the wish to attract funds from more modest private investors to public companies, surely it is time that the method of payment with application be changed.

Recently, practically all new issues have been heavily oversubscribed, particularly in the case of privatisation. It seems especially unfair that in the case of Rolls-Royce a minimum application of 400 shares was imposed, although even this minimum will be scaled down and no one will receive an allocation proportionate to application. Consequently where any shares are allocated, remittances will be presented for payment, although the balance will not be returned until May 18, leaving the applicant without these funds for more than a week while someone—not the applicant—is receiving the benefit of considerable sums of money.

Would it not be fairer and simpler to request cheques to be sent with the amount of payment left blank, but endorsed with a statement: "Not to exceed £.........," limiting this sum to the maximum amount which would be required if the maximum application were fully met. This would also eliminate the necessity of issuing a very considerable number of cheques to only partially successful applicants.

B. W. R. Coleman.
Flat 4, 96-100, New Cavendish Street, W1.

Tenants' right to buy

From the Chairman, Housing Committee, City of Westminster

Sir,—I strongly object to Margaret Hodge's claim (May 8) that Westminster is denying council tenants the right-to-buy. Such statements are absolute rubbish. All they do is perpetuate ill-founded rumour and speculation—Mrs Hodge should check the facts.

Under the council's plans to modernise the Walterton and Elgin areas in north Paddington, tenants' right-to-buy will be protected. Where tenants move back into their own homes once the refurbishment takes place, they will still be able to buy the property. And where they have to move to modernised, good standard property elsewhere in the area, the discounts to which they are entitled will be guaranteed.

I resent the accusation that Westminster City Council discourages tenants from exercising the right-to-buy. This is arrant nonsense. We emphatically encourage home ownership and, indeed, the Housing Minister chose Westminster to launch his renewed right-to-buy campaign this year because of our excellent record on home sales.

(Councillor) Patricia Kirwan.
City Hall, Victoria Street, SW1.

Discriminatory tariffs

From Mr J. Riley

Sir,—Professor Singer (May 8) wonders whether he is being naive in interpreting EEC "warnings" to Japan that their goods diverted from the US to Europe might be subject to similar discriminatory tariffs as a sign of our lack of confidence in our ability to replace those goods in the US market with our own. I am afraid that the Professor is indeed being naive.

One of the problems in Europe as well as the US is that we have too many people studying trade problems whose own rewards, in terms, for instance, of job security, salary and pensions, are too high by comparison with those of our people who sell, make and deliver the goods.

Unfortunately discriminatory tariffs may be necessary to recover some of our discriminatory cost burden. This is unfortunate (and it might be argued unfair to the Japanese) since these excess costs are self-inflicted.

Jack Riley
10 Kempton Road Lancaster, Lancs

Businesses and councils

From Mr K. Whitehead

Sir,—The letter from the chairman of the Association of London Authorities (May 8) is timely.

We hear a lot at this politically sensitive time about the antics of "loony left" councils but note should also be taken of the actions of the "authoritarian right."

As a small businessman who has been served with over 200 (two hundred) separate legal notices by Westminster City Council since April 1, concerning a possible breach of a minor planning regulation I am well aware of the bullying tactics of right wing councils.

In Westminster over 85 per cent of the rates are paid by businesses. Would it be so terrible for businesses to have a say in who is elected to local councils?

Maybe this would help to reform both the "loony left" and the "authoritarian right" at the same time.

K. G. Whitehead.
1001, Park West, W2.

Assessing pension schemes

From Mr K. Holroyd

Sir,—Eric Short (May 2) in commenting on the Apex pension campaign states that the union "condemns any employee making individual pension arrangements." As someone who was closely associated with the campaign materials, I must say that this is certainly not our view nor our intention.

The message the campaign puts across is that employees should make objective assessments of the personal choices that will be available from January 1988. Unfortunately, it is widely recognised that the majority of employees are ignorant of even the basic benefits of their company pension scheme. The Apex model leaflet tries to bring these benefits to the attention of employees by comparing occupational scheme benefits with those to be expected from contracted out individual money purchase schemes.

The Apex pension materials were prepared after much deliberation and were eventually based very closely on existing leaflets produced by the pension department of a major British manufacturing company. The documents we produced were in direct response to urgent and repeated requests from pension trustees who are deeply concerned about the likely impact of "hard" selling of personal pensions to badly informed scheme members and other employees.

I am sure that Apex or any other responsible trade union would not condemn anyone from exercising their judgment. It is the quality of this judgment we were worried about. Nor would unions condemn personal pensions *per se* for people who do not have access to a decent occupational scheme, since in certain limited situations contracted in personal plans might be appropriate, as they have always been.

If any condemnation is to be made it is the Government which deserves censure for introducing legislative changes which were unnecessary and, unless employers, trustees and unions take the necessary actions, damaging to employees and future pensioners.

Keith Holroyd
46 Chestnut Road, SW20

Lobbying in the EEC

From Jill Ardagh

Sir, — William Dawkins' article (May 8) on EEC lobbying was welcome in its attempt to dismiss the myth that lobbyists operate in a shady world of subterfuge and semi-corruption but none the less superficial in its portrayal of the lobbyist's role and work.

It failed importantly to distinguish clearly between self-organised industry lobbies and lobbies using the advice and experience of independent professional consultants. As Mr Dawkins reveals in his concluding case histories, one can perhaps be more successful than the other. An effective lobby requires a broad perspective and a thorough understanding of the Community's legislative procedures and political make-up.

I would take issue with the assumption that the consultant's work is deceptively simple. Yes, briefing notes and fixing meetings are part of our work but both these have to be based on research and experience if they are to have impact. Above all it is the quality of information and advice provided to clients which enables them to respond effectively to developments.

As for documents, if these are to be acquired at the earliest possible time they have to be collected personally. Subscriptions to a limited number of documents exist but these arrive often months old. A secretary sitting at his or her desk would only be capable of incomplete, out-of-date monitoring. In any case, subscriptions are not necessarily selective and outside consultants can remove the dross from the mountain of paper issued by the Community every year.

I would also point out that all those prowling the Euro-corridors are not male and that their clients are not always industrial or commercial. Charities and other non-profit making organisations also need and seek political help.

Jill Ardagh
(Associate Director).
Charles Barker Watney & Powell.
30 Farringdon Street, EC4.

Strong commitment to R&D

From Mr M. Gapes

Sir, — You report (May 7) the Government's Defence White Paper commitment to reduce spending on research and development, and the concern of the Secretary of State, George Younger, that defence had been pre-empting too high a share of R&D funds.

I was therefore interested to come across this statement from a leading Conservative spokesman about proposals to cut back defence R&D in order to reduce spending on defence equipment: "I think it is certainly a very quick and effective way of making short-term cuts, but in the long term that could have the most damaging effects on our ability to keep our industrial base going in the defence industries, even in, perhaps, five or 10 years' time. So I would only be happy to make that sort of cut *in extremis*. I think it would be in the long term, a very dangerous thing to do.... One way we could make short-term economies is by cutting research and development. I think it is a pretty dangerous thing to do, and I would hope that we could avoid it." The speaker, the same George Younger, then Opposition spokesman on Defence addressing the Royal United Services Institute on October 29 1975.

Another broken Conservative promise?

Mike Gapes.
31, Derinton Rd, SW17.

Channel safety system

From Mr P. Goode

Sir,—The plethora of proposals for improved safety procedures for Channel ferry doors, continue to rely upon the human element—namely the captain and the action which he chooses to take in response to various warning bells and lights.

The glaringly obvious solution of an electrical interlock such that the main propeller drive is unable to be engaged until the doors are closed, appears to have been overlooked.

No doubt there will be a host of reasons put forward as to why it cannot or should not be done—but in the meantime will some electrical engineer with the necessary ounce of "go" in him, please simply get on and do it!

P. J. Goode.
22, Croft Gardens, Ruislip, Middlesex.

Local authority deferred purchase loan

From the Leader, London Borough of Hammersmith and Fulham

Sir, — You have published letters regarding this council's deferred purchase loan facility from the leader of our opposition, Peter Prince (April 24) and Liberal councillor Simon Knott (April 30).

I am surprised that, in stating that should the Conservatives take control of this borough in 1990 they would "take a lesson from Brazil." What Councillor Prince is saying is, in fact, that he and his colleagues would act illegally and not honour a council's debts. This is rather surprising coming from one who so vociferously promotes the claims of his party to represent law and order.

The facts of the matter are that if our government borrowing allocations had not been cut by 47 per cent in recent years there would have been no need to enter into a deferred purchase agreement. The same Department of the Environment that has cut our borrowing allocations so much has also acknowledged officially that we need a sum well in excess of the £100m we have borrowed simply to bring the council's housing stock up to approved standards. This is without taking account of the need to build new council houses to replace those that the previous council sold off, and it did not build one single council house for rent in its eight years in control.

Councillor Knott is correct to suggest that any Conservative administration defaulting on its loan obligations would precipitate a situation where no financial institution was prepared to lend the council money. But that is a matter of speculation for 1990 and beyond. The current council has no intention of defaulting on loans, as the Conservatives have said they would. These loans are just like an ordinary house mortgage, the debt being written off over the life of the asset. This is the sort of deal that private-sector firms are applauded for, but when a council does it there is something wrong!

As to the non-repayment of the loans, Councillor Prince is assuming that his party will control this borough in 1990 and that he will be its leader, neither of these assumptions can be relied upon.

(Councillor) Gordon Prentice.
Town Hall, King St, W6.

Exchange rate policy

The US nutcracker

By Ronald McKinnon

BY VIEWING the success or failure of exchange rate policy through its effect on national merchandise trade balances, US government leaders and their economic advisers—with grudging compliance from their European and Japanese counterparts—have seriously upset the world's financial equilibrium.

The fall of the dollar to its current unduly low level of around Y140 and DM 1.8 was actively engineered to reduce the US trade deficit. Yet it has signally failed to do this while creating severe deflationary pressure within the Japanese and continental European economies. For their currencies to appreciate above their purchasing power parities with the dollar to placate the American Government, the Bank of Japan and the Bundesbank have been obliged to follow tight domestic monetary policies that have precipitated broad declines in the domestic wholesale price indices and have reduced output growth and employment.

In addition, the threat of a further engineered fall in the dollar has begun to worry the American securities markets. Long-term interest rates on home mortgages and industrial and municipal bonds have risen sharply since late March.

How did "mainstream" economists, who have continually urged dollar devaluation to reduce the US trade deficit, get the exchange rate question so badly wrong?

After the sharp appreciations of the D-Mark and yen over the past two years, most economists expected that the West German and Japanese loss of international competitiveness would reduce their trade surpluses as conventionally measured in terms of dollars. Why weren't these direct price effects on the flow of imports and exports not strong enough?

First, their improved terms of trade meant that the Japanese and Europeans earned more dollars per unit of exports without paying any less per unit of imports.

Second, their internal deflation so depressed their demand for imports and released more goods for export that the physical volume of exports relative to imports did not fall sufficiently to offset their more favourable terms of trade. Consequently, both the Japanese and German net trade surpluses measured in dollars actually increased in 1986 and 1987.

That these terms of trade and domestic expenditure effects offset the direct price effects (loss of German and Japanese international competiveness) was no accident. The US trade deficit of about \$150bn to \$200bn per year is rooted in America's excessive proclivity to buy more goods and services than the US economy can produce at close to full employment. This shortage of saving in the American economy is an inexorable consequence of the structural (full employment) deficit of, not coincidentally, somewhere between \$150bn and \$200bn in the Government's budget.

$ 'Trade imbalance is a fiscal not a monetary problem'

	1981	1982	1983	1984	1985	1986
		(US \$bn)				
US fiscal surplus* (% of GNP)	−78.7 (2.6)	−125.7 (4.0)	−202.5 (6.0)	−178.3 (4.7)	−212.1 (5.3)	−220.7 (5.3)
US trade balance (% of GNP)	−28.0 (0.9)	−36.5 (1.2)	−67.1 (2.0)	−112.5 (3.0)	−124.4 (3.1)	−169.8 (4.0)
Japanese trade balance	19.9	18.1	31.5	44.3	56.0	92.7
Japanese trade balance with the US	13.3	12.1	18.2	33.0	39.5	51.5

* Year ending September 30.

Sources: IMF (US) and the Ministry of Finance (Japan)

The great 1985-87 depreciation of the dollar has had, and will have, no substantial impact on this structural fiscal imbalance and consequent saving shortage in the American economy. Thus it is incapable of correcting the US trade deficit short of precipitating a major collapse of domestic investment within that country.

Newspapers are beginning to write editorials about the trade "problem" without even mentioning the fiscal deficit. Congressional debate has revolved around foreign trading practices rather than American fiscal improvidence.

Besides unfair trading practices by foreigners, American politicians have sought other "faults" in foreign economic policies to explain America's enormous continuing trade deficit despite the dollar's devaluation. One common shibboleth is that the Japanese and European governments are failing to follow sufficiently stimulative monetary and fiscal policies.

Consider the monetary question first. Between economies whose capital markets are highly integrated, the exchange rate itself quickly reflects the relative ease or tightness of national monetary policies — and how they are expected to evolve. Since February 1985, the fall in the dollar has been engineered by higher rates of monetary expansion in the US compared to Germany and Japan as well as by being talked down by finance ministers signalling that this difference in monetary policies would continue.

Consequently, it makes no sense to insist that the Germans and Japanese expand their money supplies and, at the same time, insist that they also maintain high values for the D-Mark and yen in the foreign exchanges. These contradictory demands put foreign officials in a nutcracker!

The correct way out is to encourage the Bundesbank and the Bank of Japan to ease their domestic monetary policies while the US Federal Reserve stands fast. Their monetary expansion will inevitably nudge the D-Mark and yen down in the foreign exchanges towards purchasing power parity with the dollar, which I estimate to be between Y170 and Y180 and DM 2 to DM 2.1. The internal deflationary pressure in both hard-currency Europe and Japan would abate, reviving their internal expenditures and stimulating demand.

Once the US Treasury gets rid of its mania for driving the dollar down and acquiesces in a modest appreciation towards purchasing power parity, unnecessary turmoil in the American bond markets will cease. Because the inflationary threat from continuing dollar depreciation would be eliminated, long-term interest rates on dollar bonds should come down substantially. Much needed Japanese buyers of US Treasury bonds would come back into the market in a big way.

So restoring a better monetary-exchange rate equilibrium to the world economy would greatly reduce investment uncertainty and mitigate the threat of a cyclical downturn. However, it is equally important to stress what monetary-cum-exchange-rate policy cannot do. The dollar value of the US trade deficit will remain of the same order of magnitude as the structural fiscal deficit.

If the trade imbalance is indeed a fiscal problem and not a monetary one, might it just as well be corrected by foreign governments increasing their fiscal deficits as by the American Government reducing its fiscal deficit? Certainly if the German and Japanese Governments become fiscal profligates like the Americans, the US trade deficit should decline, but at the expense of creating a savings shortage and higher real interest rates throughout the world economy.

Clearly, the only satisfactory way of reducing the US trade deficit is through both a massive increase in tax revenues and cuts in expenditures by the US Government.

In the meantime, however, this fiscal imperative need not prevent West Germany, Japan and the US securing a much better monetary-exchange rate balance in the world economy. The Japanese Prime Minister's announcement earlier this month of a cut in the Bank of Japan's discount rate and the simultaneous tightening by the US Federal Reserve were steps, if modest ones, in the right direction.

The author is Professor of Economics at Stanford University, California.

FINANCIAL TIMES
Tuesday May 12 1987

Robert Graham looks at the problems that cannot be blamed on Reagan

Economic war cripples Nicaragua

A LINE of weary visitors waited in the sweltering heat to go through customs at Managua airport. The air conditioning faltered, then packed up. Likewise the passengers' patience as Nicaraguan officials processed the triplicate entry forms with bureaucratic indifference.

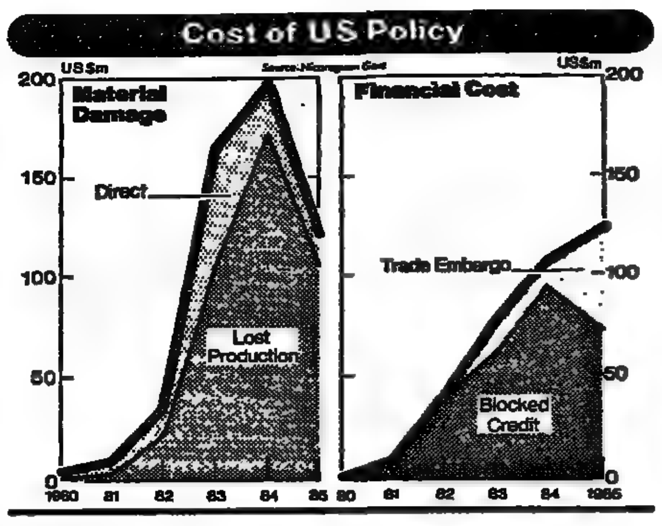
An exasperated American asked loudly: "It is our fault or theirs?" His companion, sporting a Support Nicaragua badge, replied: "Blame it all on Ronnie Reagan".

All the signs – from intermittent electricity supplies and faulty industrial machinery to low productivity, great scarcity of essential goods and soaring inflation – demonstrate that the Nicaraguan economy is limping along from bad to worse. Official propaganda lays the blame for all this on President Reagan's war against Nicaragua.

However, in private, senior Sandinista officials admit serious errors of economic mismanagement since the overthrow of the Somoza dictatorship in 1979. Some worry that the daily lives of Nicaraguans are so deeply affected by the resultant ever-broadening black market and the worthless bundles of cordoba notes that economic mismanagement is the single element most likely to undermine the legitimacy of the Marxist-orientated Sandinista Government.

Undoubtedly the combination of sustaining the country on a war footing against the US-backed Contra rebels and the effects of President Reagan's trade and credit embargo on Nicaragua are profoundly damaging and disruptive. More than 30 per cent of the budget is devoted to defence and security.

Since budget receipts cover only 60 per cent of total expenditure, there is a huge fiscal deficit, almost exclusively due to security expenditure, which is covered basically by printing cordobas. With compulsory conscription for 17 to 19-year-olds, and with all those up to 45 years old liable for emergency call-up, there is a serious manpower shortage. This is exacerbated by an exodus of refugees and skilled personnel from the country. Prison and foreign volunteer labour has to be used for the coffee harvest, while prisoners do many of the menial municipal jobs in the capital Managua.



The loss of the US market, which absorbed up to 70 per cent of Nicaraguan exports, has been keenly felt especially at a time of low commodity prices. The US credit embargo, which has also affected Nicaragua's creditworthiness with international financial institutions, has severely disrupted imports.

US-made spare parts can be bought through Panama with ease but there is an acute shortage of foreign exchange with which to pay for them. Thus industrial and agricultural machinery is being cannibalised or left idle for lack of replacements. Industries like pharmaceuticals are operating at 40 per cent of capacity.

A government report on the direct and indirect consequences of the "US aggression" for the Nicaraguan economy up to 1986 has given a figure of $3.9bn, double the country's gross domestic product (GDP).

This sorry state cannot be attributed solely to the consequences of US policy. In part, it dates back to the ambitious programme of investments promoting state capitalism in industry and agriculture, heavy subsidies, generous social benefits and sharp wage increases introduced when the Sandinistas took office.

It was a programme more political than economic and was based on the assumption of substantial and continuous capital and aid flows. The Sandinistas were seduced into believing in their own economic progress because the economy grew when the rest of Central America was in recession.

But this overlooked the fact that generous foreign aid and credit was no more than a launching gift with the departure of Somoza. It ignored the long delays and inefficiencies in project implementation, the inflationary consequences of subsidies and high wages, and the disincentive to the large private sector caused by a growing tangle of bureaucratic regulations.

Also brushed aside were the accumulating burden of debt and the tumbling returns from foreign trade in products like sugar, coffee and cotton.

Problems were compounded by a dogged persistence in an unreal exchange rate against the US dollar which encouraged first a currency black market, then, as demand outstripped the supply of goods, an expanding parallel economy.

Meanwhile, labour indiscipline was ignored – so much so that officials now concede that, up to 1984, it was not uncommon to find full-time wage-earners working only two hours a day. (It is now up to about six hours.)

The warning signals began in 1984 with inflation of 84 per cent which jumped to 335 per cent in 1985. But too little has been done too late, leading to a further leap in inflation to 780 per cent last year.

Economic strategy has been reduced to pure survival. Since last year new investment has been halted, social spending curbed, some subsidies reduced and wages pegged. But the Government has still been obliged to print more money.

Average incomes have probably slipped back to 1980 levels and purchasing power with cordobas is so low that even civil servants can make ends meet each month only through non-monetary perks or extra jobs.

The economy has been turned into an extraordinary hybrid. Officially it is still classed as mixed, with the state controlling 45 per cent of GDP. But, while the majority of production is in private hands, the mixed economy is something of a myth.

"It is a centrally planned economy," says Mr Gilberto Cuadra of Cosep, the private sector employers' organisation. "We don't control the value of what we produce, and the Government controls access to raw materials, credit, distribution, prices and profits, plus wages."

The private sector is decapitalising but it is also making money out of restrictions because of shortages of supply. However, it is afraid to say so since the real profits come from black market sales. The parallel market today accounts for as much as 60 per cent of economic activity.

The dollar reigns supreme, especially in the cities. In the countryside the economic crisis has forced peasants back on to a barter or subsistence economy. The official rate is still 70 cordobas to one dollar, but the tourist rate is now 2,000 and the street rate more than 4,000.

The Government seems to have adopted an attitude of hopeless passivity towards the parallel economy, aware that this is the only way companies and individuals can obtain what they need. With a large Nicaraguan population in the US providing dollars to relatives and the Government recognising that there is little confidence in the nationalised banking system, no attempt has been made to mop up dollars.

Eurotunnel set for tariffs deal with state railways

By Andrew Taylor in London

EUROTUNNEL, the French Channel tunnel consortium, and the British and French state railways, BR and SNCF, were last night believed to have settled their disagreement over the charges the railways will pay for using the tunnel.

Eurotunnel has been prevented from concluding loan and standby credit arrangements worth £5bn ($8.3bn) with about 40 international banks until agreement with the railways was reached.

Eurotunnel has been seeking to improve the terms it agreed in principle with the two railways last September. It is thought to have won a concession from the railways over the question of advance payments.

BR and SNCF have indicated during the negotiations that they might be prepared to pay between 50 and 60 per cent of projected tarifs a month in advance. This would be a total departure from the terms agreed in September.

Eurotunnel has also been seeking to improve the level of tarifs under which the railways would contribute around 35 per cent of the consortium's revenue over the life of the 55 year tunnel concession. In return the railways would get to use up to 50 per cent of the tunnel's capacity.

BR and SNCF have strenuously resisted attempts to raise the tarif levels, which they say should not be linked to the total cost of the tunnel but only to those elements of the scheme which directly benefit the state railways.

An agreement between the two sides, if announced today is expected to pave the way for an announcement later this month that the European Investment Bank has agreed to provide a £1bn loan facility to Eurotunnel.

This would be an important element in the £5bn loan and standby credit package Eurotunnel is seeking to arrange with international banks.

The Lords (upper house) select committee, which finished hearing petitions against the Channel Tunnel Bill just over a week ago, is also expected to report its findings within the next two weeks.

The committee is expected to have left the bill largely intact providing a further fillip for the consortium even though the bill cannot now become law until after the UK election.

The conservatives have said that the bill will resume its progress, if they are returned to power, and would be likely to be passed by the autumn when Eurotunnel plans to complete its financing arrangements with a £700m international share sale.

THE LEX COLUMN

Pulling in the Japanese vote

No sooner had the election date been announced yesterday lunchtime than the equity market started retracing its gains – proving once more all those stock-market tags about selling the good news. It was not, after all, a complete surprise that the General Election will be on June 11 and the discounting of a comfortable Conservative win has been pretty adequate too.

The news which emerges over the next four weeks may re-inforce that rosy expectation, though bettering it would be difficult. Conversely, the downside if, for example, Mrs Thatcher's lead in the opinion polls began to weaken, is rather larger.

The gilt-edged market, much less impressed by the day's events, is perhaps a better discounter than its equity counterpart or more probably is anticipating the £2bn of new stock coming its way. Sterling also suffered some profit-taking and the combination suggests that another base rate cut is not likely to feature early in the election campaign.

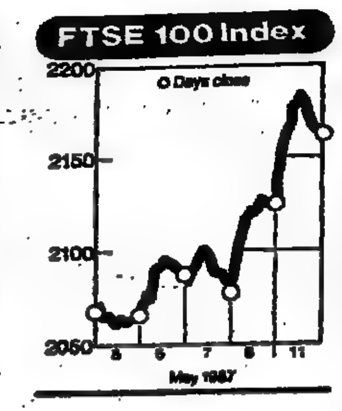
It is hard to see equities rising much more when the yield on the industrial index is a mere 2.81 per cent, surely the lowest since modern records began, and gilt yields may have little more room to fall in the immediate term.

Even this myopic market must now start looking beyond the election, and, assuming a Conservative victory, begin to imagine life afterwards. The damage being done to company profits by the strength of the pound suggests that growth rate will slow this year.

Meanwhile, the reductions in interest rates, which give little help to a corporate sector flush with cash, along with the Bank of England's selling of sterling, may have engendered a rather too accommodative monetary policy which could require correction later on. And world economic growth is slowing to a level where even outperformance by the UK will hardly be exciting.

Hopes for the continuance of a bull market are increasingly resting on the supposed interest foreign investors are about to take. It is perfectly true that the potential of the most commonly expected buyers, the Japanese, is along enough to move the equity market substantially.

Barclays de Zoete Wedd estimates that only 6 per cent of Japanese investment in foreign equities



has come to the UK, and their total equity exposure is a minute fraction of their investment in bond markets.

But it would be wrong to believe that sophisticated investors will wait for the election result to buy or that the naive ones will suddenly invest their all on June 12. As BZW also demonstrates, Japanese purchases have had little or no effect on European stockmarkets so far.

Peugeot

Peugeot was the French recovery stock of 1986 and yesterday repaid the market's faith with a sixfold increase in earnings and a symbolic FFr 10 dividend. The improvement was even better than the market had been led to expect, in the cause of softening up subscribers to Peugeot's imminent rights issue.

But although the price did jump nearly FFr 100 (in the after-hours market at least) it will probably face some pounding over the next few weeks as investors take their substantial profits in the hope of buying back in after the rights.

Most of the 1986 improvement has come from the cumulative effect of recent cost-cutting and rather lower finance charges, mainly thanks to a shift from short to longer-term debt. It was also helped by a sharp rise in car sales throughout Europe and the ending of price control in France. Peugeot's actual market share rose only marginally in Europe and fell slightly in France.

This could suggest that with most of the cost-cutting benefits now in the bag, Peugeot is going to struggle to maintain momentum in a European car market still plagued by over-capacity and fears of a discounting war never far away.

The promising 11.4 per cent sales rise for the first quarter goes some way to dispel such fears, especially as the company has moved from fourth to third place in European market share. With the likely rights proceeds bringing down gearing this year something comfortably over FFr 4bn should be possible; but the prospective rating of 8 is only a little cheap, bearing in mind a rising tax charge.

Rolls-Royce

The privatisation pricing dilemma has taken on a fresh twist with Rolls-Royce. The usual contortions of privatisation advisers arise in the attempt to get the best price for the Government without leaving the newly independent company at the mercy of unhappy underwriters.

This time, apparent efforts to pitch the issue tightly – angling the shares mainly at the professional investor – have been undone by the Government's concern to burnish the image of shareholder democracy before the election.

Since the odds on Conservative re-election have progressively shortened since Rolls was priced, and earlier privatisation stocks have out performed a strong market as a result, the shareholder opinion poll has delivered a landslide subscription level.

This leaves individual applicants with the dismal expectation of a toytown allotment, insufficient – even given the steep grey-market premium – to justify the dealing costs of a quick exit.

This may prove a good way to convince critics that underpricing an issue and giving away the equity cannot be quite the same thing, if the premium is unrealisable; but it could also alienate some of the stagging vote.

Takeover Panel

Hooking the Takeover Panel up to the DTI and the SEC, as well as the Stock Exchange computer, can only be a good thing, since it should allow the Panel to get in front of the ball a little more easily, and often. But unless the panel is allowed to go head hunting, its hard-pressed executive may not have much time, in the season, to read the promised stream of incriminating telexes.

UK to boost power of mergers watchdog

BY MARTIN DICKSON IN LONDON

THE BRITISH Government announced measures yesterday to bolster the authority and investigative powers of the Takeover Panel, the self-regulatory watchdog for City of London takeovers, in the wake of the Guinness and other scandals.

The package retains the Panel's status as a non-statutory body but strengthens the links between it and the new regulatory bodies, headed by the Securities and Investments Board (SIB) which will supervise the City of London under the statutory framework of the Financial Services Act.

The SIB and the Self-Regulating Organisations it authorises will be able to use their sanctions against investment businesses which breach the takeover code – the panel's rule book.

The SIB will also "encourage" recognised investment exchanges to adopt rules like that of the Stock Exchange, enabling disciplinary action to be taken against member firms on the basis of a Panel finding.

While these measures will impinge on takeover practitioners, who give advice to the parties in a bid, another proposal is designed to freeze out undesirable individuals or companies from the takeover scene: the SIB and the SROs should, the review says, "adopt 'cold-shoulder' rules requiring investment businesses not to act for persons who the businesses have reason to believe will not comply with UK practice and standards in takeovers."

The proposed measures have emerged from a three-month review of the Panel by Government officials, the Bank of England, the Securities and Investment Board, the Stock Exchange and the Panel itself.

Announcing details in the House of Commons yesterday, Mr Paul Channon, the Trade and Industry Secretary, said he believed the new system would provide for "effective and flexible regulation of takeovers."

The review has also identified a number of areas where company law or the Takeover Code – the Panel's rule book – might need changing. The Government intends to issue a public consultation document on the possible legal changes during the summer.

These include shortening the five-day deadline allowed by the Companies Act for the disclosure of stakes of more than 5 per cent in a company, and preventing the voting at general meetings of shareholdings whose ultimate ownership is not disclosed.

Thatcher seeks historic third term

Continued from Page 1

meeting from June 8 to 10 and that Mrs Thatcher would attend part of the talks, probably the first day, staying overnight on Monday, June 8. Mr Nigel Lawson, Chancellor of the Exchequer, will also attend for part of the time.

Opposition leaders will be quick to seize on Mrs Thatcher's talk of seeking a fourth term to suggest that she has become over-confident and arrogant. But yesterday she stressed repeatedly that a third term could not be taken for granted and she would have to "fight every inch of the way."

Mrs Thatcher has apparently told colleagues that she is hoping for a majority of about 100, as is suggested by some of the Conservative Central Office analysis of recent trends. But, privately, many ministers and Tory MPs are looking for a majority of about 40 to 50.

Mr Neil Kinnock, the Labour Party leader, said the election was "to prevent 13 years of Thatcherism."

He said there was a choice between "a divided or a United Kingdom. Will Britain be a modern manufacturing nation with Labour – or will our country increasingly have to live with imports and industrial closure under the Tories? Will we have a modern welfare state with Labour, or end up with a Poor Law state under the Tories?"

Mr Kinnock said there was no chance of a repeat of Labour's defeat in 1983. Asked whether the party could close its large gap behind the Tories in the opinion polls, he recalled the party's unexpected success in defeating Winston Churchill in the 1945 general election.

He stressed Labour's campaign themes of "saving our country from industrial decline, social division and the destruction of community services." In his statement on the calling of the election, he made no mention of the sensitive areas of defence, nuclear energy and the future of privatised companies.

The Alliance leaders said they would be seeking a share in government after the general election.

Mr David Steel, the Liberal leader, and Dr David Owen, the Social Democratic Party (SDP) leader, were interviewed jointly several times yesterday, as they will be a number of times during the campaign, in order to present a united image.

Mr Steel said the Alliance "will speak for the good sense of ordinary people. I believe they do not want the spiv society which Mrs Thatcher has created, nor the Britian of bureaucrats and state socialism which Mr Kinnock offers. We shall heal, rather than divide."

Dr Owen said he thought it would be "an open election" with a thought ful electorate which would at the end give the SDP Liberal Alliance a say in government –"a national coalition which would unite the nation."

As part of their policy of projecting the image of an alternative government, the two Alliance leaders will this morning meet Sir Robert Armstrong, the Cabinet Secretary, to discuss proposed Alliance changes in the machinery of government.

The main dates before and after the election are: May 18, dissolution of Parliament; May 22, last day for applications for absentee votes, including holidaymakers; June 25, Queen's speech opening the new parliament.

Reagan 'cleared plan to ransom US hostages'

Continued from Page 1

He explained how the Reagan Administration had been forced to turn to foreign donors after Congress had banned official assistance by the CIA and Defence Department for the Contras. "The President repeatedly made clear in public and in private that he did not want to break faith with the Contras," he said.

Mr McFarlane approached two allies for financial support and identified them as "country one" and "country two." He said country one was good at police training and internal security forces.

"We discussed farming out the whole policy (for funding and training the Contras)," Mr McFarlane said.

But country one was not able to help, so Mr McFarlane approached the Washington ambassador of country two. After an offer of $1m a month, Mr McFarlane told the President who, he said, expressed "satisfaction and pleasure" at the donation.

Mr Arthur Liman, Senate counsel, then read out a memorandum dated April 11, 1985 which gave details of contributions to the FDN, a Contra fighting faction, since US aid ran out in May 1984. Of $24.5m of aid, the memo stated that $17.1m had been spent on arms and weapons.

In later testimony Mr Reagan's knowledge of the secret Contra funding operation became even clearer. When a Central American military commander seized a weapons shipment for the Contras, Mr McFarlane asked Mr Reagan to telephone the head of state of the Central American country, which neighboured Nicaragua, to instruct release of the weapons. Asked whether Mr Reagan did so, Mr McFarlane said: "Yes ... it was a minor co-ordination of cabinet officers."

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	20	68	Dubrovnik	S	18	64	Malta	C	20	68	Rhodes	S	19	66
Algiers	S	23	73	Edinburgh	C	14	57	Manchester	C	11	52	Rio de J'o	—	—	—
Amsterdam	C	12	54	Faro	S	21	70	Manila	S	37	99	Rome	S	24	75
Athens	S	19	66	Florence	F	20	68	Melbourne	S	21	70	Salzburg	C	11	52
Bahrain	S	35	95	Frankfurt	C	12	54	Mexico City	S	26	79	San Francisco	S	21	70
Bangkok	C	35	85	Funchal	S	20	68	Miami	C	22	72	Seoul	S	21	70
Barcelona	S	20	68	Geneva	F	19	66	Milan	F	21	70	Singapore	C	31	88
Beirut	S	21	70	Gibraltar	F	24	75	Montreal	F	10	50	Stockholm	C	9	48
Belfast	C	12	54	Glasgow	F	12	54	Moscow	S	17	63	Strasbourg	S	15	59
Belgrade	F	19	66	Guernsey	F	12	54	Munich	C	13	55	Sydney	S	20	68
Berlin	F	11	52	Helsinki	C	4	39	Nairobi	C	24	75	Taipei	S	28	82
Biarritz	C	15	59	H. Kong	F	29	84	Naples	S	21	70	Tangier	F	21	70
Bombay	S	35	95	Innsbruck	C	13	55	Nassau	R	30	86	Tel Aviv	C	21	70
Bordeaux	F	21	70	Inverness	R	8	46	New Delhi	S	32	90	Tenerife	F	18	64
Brussels	S	15	59	Islamabad	S	29	84	New York	C	32	90	Tokyo	C	23	73
Budapest	F	15	59	Istanbul	S	15	59	Nice	S	18	64	Toronto	S	13	55
B. Aires	S	19	66	Jakarta	R	33	91	Nicosia	—	—	—	Tunis	S	27	81
Cairo	C	25	77	Jersey	F	14	57	Oporto	F	19	66	Valencia	F	28	82
Cape Town	R	17	63	Jo'burg	S	23	73	Oslo	F	11	52	Venice	F	20	68
Caracas	—	—	—	Lima	S	21	70	Paris	S	15	59	Vienna	S	15	59
Casablanca	C	21	70	Lisbon	S	22	72	Peking	S	25	77	Warsaw	C	11	52
Chicago	F	18	64	London	C	15	59	Prague	F	11	52	Washington	S	17	63
Cologne	F	12	54	Los Angeles	C	26	79	Reykjavik	C	6	43	Zurich	F	15	59
Copenhagen	R	9	48	Luxembourg	F	10	50								
Corfu	S	19	66	Madrid	F	21	70								
Dallas	S	18	64	Majorca	S	22	72								
Dublin	R	13	55	Malaga	S	27	81								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Meese seeks Wedtech inquiry

Continued from Page 1

Peter Rodino, wrote to Mr McKay suggesting further investigation of whether Mr Meese may have violated federal conflict-of-interest laws.

They pointed to reports that Mr Meese had intervened on Wedtech's behalf in 1982 when he was a White House counsellor and the company was trying to win a no-bid government contract; to Mr Meese's subsequent investigation in 1985 in a company connected with Wedtech and his failure to recuse himself until April 8 of this year from investigations of Wedtech by federal prosecutors.

Last week, Mr McKay disclosed that the Justice Department was undertaking a "threshold inquiry" investigating Mr Meese's links to Wedtech, a move which was criticised by Democrat Senator Carl Levin as a delaying tactic.

Mr Meese, an old friend of President Ronald Reagan's from Mr Reagan's days as Governor of California, and one of the three top aides to the President in his first Administration, has been a controversial figure. Assuming an independent prosecutor is appointed it will be the second time an independent counsel has investigated his financial dealings.

President Reagan was quick yesterday to offer support to his close political adviser.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday May 12 1987

FRENCH GROUP CONFIRMS RECOVERY WITH FFR 3.59BN ADVANCE

Peugeot beats earnings forecast

BY PAUL BETTS IN PARIS

PEUGEOT, the French private car group embracing the Peugeot and Citroën marques, yesterday reported higher than expected earnings of FFr 3.59bn ($606m) last year. This compared with income of FFr 543m in 1985 and confirms the group's recovery after several years of heavy financial losses between 1980 and 1984.

The group confirmed plans to raise fresh equity capital to reinforce its balance sheet. The equity issue is expected to involve about FFr 2bn and is likely to be launched early next month.

Peugeot has been studying the possibility of a capital-raising operation for weeks, but the timing of the issue will depend on conditions in the French financial markets. These are having to absorb a flood of new paper, prompted by the conservative Government's privatisation programme.

Financial analysts, however, believe there could be a window for the Peugeot issue early in June after this month's flotations of Compagnie Générale d'Electricité and Havas and before the privatisation of Société Générale which is expected to take place between June 15 and June 22.

The issue would coincide with the continued improvement of Peugeot's performance, which saw sales rise by 11.4 per cent to FFr 28.5bn in the first quarter of 1986, according to Mr Jacques Calvet, Peugeot chairman.

Group sales last year rose by 4.6 per cent to FFr 105bn compared with 1985. The group's penetration of the European market totalled 11.4 per cent last year, placing Peugeot fourth after Volkswagen of West Germany, Italy's Fiat and Ford of the US. In the first quarter of 1987 the French group has moved up to third place with 12 per cent of the market after Volkswagen, including Seat, its Spanish off-shoot, and Fiat, including Alfa Romeo.

While the profit advance had been sustained, Peugeot still had to improve its net margins to bring the group closer to some leading international competitors, Mr Calvet said.

Peugeot's earnings had still not been impacted by a heavy tax burden because of the carry-forward effect of the group's heavy losses – which totalled about FFr 8bn between 1980 and 1984.

Peugeot only paid FFr 155m in taxes in 1986 and expects a minimal tax burden on income this year.

The earnings improvement also reflects continued productivity gains of about 6 per cent last year and a reduction in financial charges of FFr 882m. The group's total workforce declined last year by 11,800 to 165,000. Group debts were reduced to FFr 30.5bn at the end of last year from FFr 32.5bn in 1985.

Mr Calvet said 1986 cashflow had risen by 69 per cent last year to FFr 7.2bn from FFr 4.2bn in 1985.

Industrial investments increased to FFr 7.9bn last year from FFr 6.4bn in 1985 while research and development spending rose to FFr 3.7bn against FFr 3bn.

Baxter Travenol in fresh acquisition

By William Hall in New York

BAXTER TRAVENOL Laboratories, the big US health care group, yesterday agreed its second major acquisition in less than two years with a $528m stock offer for Caremark, a fast growing West Coast firm specialising in home medical care services.

Baxter Travenol said it had signed a definitive agreement to acquire Caremark by exchanging $21.33 worth of its common stock for each of Caremark's 25m shares.

Caremark's shares jumped by $2⅝ to $20¼ in early trading yesterday. Baxter Travenol's shares fell by $1¼ to $23⅝.

The acquisition, coming after Baxter Travenol's $3.7bn takeover of American Hospital Supply in late 1985, met with a cool reception among Wall Street analysts who are concerned about the financial impact of Baxter Travenol's recent rapid growth.

Caremark, based in Newport beach, California, also provides management and analytical systems to health insurance companies and self-insured corporations through its subsidiary, The Health Data Institute.

The company was founded in 1979 by its current chairman, Mr Jim Sweeney, and has been growing rapidly.

In the 12 months to end 1986 it earned 30 cents a share on revenues of $185m and current year earnings are estimated by some analysts at 60 cents a share.

The number of shares to be exchanged will be based upon the average market price of Baxter Travenol common stock for the 10 trading days prior to the closing of the deal.

If the average Baxter Travenol share price is less than $20 Caremark is not obliged to complete the transaction.

Chrysler to restructure its car components division

BY JAMES BUCHAN IN NEW YORK

CHRYSLER, the third largest US motor manufacturer, announced yesterday that it was turning its automotive parts division into a separate, wholly owned subsidiary.

The restructuring of the division, which could eventually lead to a separate stock quotation, is the latest in a series of steps by Detroit manufacturers to unbind captive relationships with their parts operations.

Yesterday's announcement, though expected, raised Chrysler's stock price $1⅛ to $43 in early trading. Analysts say that, by making a more visible subsidiary of its Component Business Operations division, Chrysler will increase pressure on management and labour to produce profits while an eventual sale could net the parent some $2bn.

The new company, to be called Acustar, will "become one of the largest automotive parts suppliers in the US," Chrysler said yesterday. The business, with some 21 plants and about $1bn in assets, had pretax profits of more than $250m and sales last year of $2.8bn. Of this only $500m represented sales to car companies other than Chryler Motors.

Mr Lee Ronk, president of Acustar, said that the new arrangement "will allow us to become more competitive in automotive and non-automotive ventures and to increase our non-Chrysler sales overall." Because independent suppliers can usually produce parts at prices lower than the Big Three manufacturers, there has been a growing trend towards "outsourcing" parts.

Chrysler and Ford have led the way while the industry leader, General Motors, is still assessing its policy.

By placing the parts business at a greater distance, Chrysler has an opportunity to supply both GM and Japanese manufacturers in the US which might be unhappy forming joint ventures with a competitor, Wall Street analysts say.

"The strong yen creates a historic opportunity to supply the Japanese," said Mr Scott Merlis, an analyst at Morgan Stanley. Publicly held motor parts companies generally command higher share prices in relation to their profits than the Big Three and a spin-off would give Chrysler shareholders more value. But Chrysler said it would be "premature to speculate" about a sale to the public.

Setback at Swedish group

By Kevin Done in Stockholm

ATLAS-COPCO, the Swedish mining, construction and industrial equipment manufacturer, suffered a 4.5 per cent drop in profits in the first quarter, but the group repeated its earlier forecast of higher earnings for the full year.

It said that profits should rise helped by stronger sales in the industrial and building and construction markets and the favourable impact of continuing rationalisation measures.

In the first three months of the year, group turnover rose 9 per cent to SKr 2.47bn ($385m) from SKr 2.26bn a year earlier, while profits (after financial items) fell to SKr 188m from SKr 197m in the corresponding period of 1986.

New orders booked by the group rose 5 per cent to SKr 2.89bn.

Atlas-Copco said that demand remained good in Western Europe in both the industrial and building and construction sectors, and that sales were [illegible] strong in the major mining countries.

Last month Atlas-Copco reached agreement for the $85m takeover of Chicago Pneumatic, the US producer of industrial tools and assembly systems which had sales in 1986 of $160m.

Dornier rises to DM 42.4m

BY HAIG SIMONIAN IN FRANKFURT

DORNIER, West Germany's second largest aerospace company, in which Daimler Benz has a controlling 65.5 per cent stake, increased its after-tax profits in 1986 to DM 42.4m($24m) against DM 33.1m the previous year.

However, Dornier's turnover rose only marginally to DM 2.12bn from DM 2.17bn in 1985, and was appreciably below the company's expectations.

Dornier, which is also active in medical and environmental technology, attributed its flat sales in 1986 to relatively slow international economic growth – affecting new aircraft orders – and to the sharp rise in the value of the D-Mark against the dollar.

However, exports retained a stable 68.5 per cent share of Dornier's business.

Nevertheless, the strength of the West German currency, combined with a sharp fall in demand from oil producing countries, meant turnover would be unlikely to reach the same level this year, the company forecast.

Many of the customers for Dornier's small commuter aircraft were being squeezed by competition on their routes last year and were consequently putting off re-equipment orders, the group said.

But firm sales of its main product, the DO 228 propeller aircraft, increased [illegible] 105 by the end of 1986, with options or declarations of interest in a further 46.

Development work begins this year on the DO 328, which is expected to enter the market for 30-seater commuter aircraft in 1992.

Meanwhile, Dornier, a longstanding subcontractor for the European Airbus group, expects the high level of orders for the new A320 to take up some slack capacity for the A310 project.

Key defections from Morgan Grenfell NY

BY RODERICK ORAM IN NEW YORK

Mr Randall Caudill, a senior mergers and acquisitions executive with Morgan Grenfell in New York and two colleagues, Mr Nathan Cortright IV and Mr Colin Glinsman, are leaving the British investment bank for Prudential Bache, a Wall Street securities firm.

Mr Caudill said he was attracted to the post of head of Pru-Bache's international mergers and acquisitions department by the $500m of capital the US firm has earmarked for the activity at home and abroad.

He would be "the international eyes and ears" on the firm's investment committee.

By becoming directly involved in deals, investment firms can help companies, for example, acquire only those parts of a target which they wish to retain, Mr Caudill said. This trend will help new firms break into the mergers field, which has traditionally been dominated by a handful of players.

"The M and A business is going to be dominated by the substantial sums of capital available at firms like Pru-Bache but not at Morgan Grenfell. That was the biggest factor (in deciding to leave) and our parting couldn't be more amicable," Mr Caudill said.

Last week, Mr Geoffrey Hill, joint managing director of Morgan Grenfell's US subsidiary, announced his intention to leave to set up his own business. These are the first major staff losses Morgan has suffered since it was involved in the Guinness controversy at the beginning of this year.

Horten claws way back to profitability

By Our Financial Staff

HORTEN, the West German department store group, has clawed its way back to profit for 1986 and hopes to pay a dividend for the current year.

For the 10 months to December, the parent company made net profit of DM 26.3m ($14.7m), against a loss of DM 84.4m in the previous 12 months.

Horten has already said it will not declare a dividend for the past 10 months. For the previous year, shareholders received a payment of DM 4 a share.

The group, which operates through more than 50 stores and is controlled by BAT Industries of the UK, intends to report its results on a calendar year basis in future.

Church's Fried rejects $459m takeover bid

BY OUR NEW YORK STAFF

CHURCH'S Fried Chicken, the US fast-food chain, yesterday rejected an offer of $12.26 a share in cash and stock or $459.6m from an investor group which includes its former chief executive.

The company said the proposal, involving $8.50 a share in cash and $3.75 in redeemable preferred stock, was not in the best interests of shareholders. Church's is the largest chicken fast-food operation after Kentucky Fried Chicken.

The offer has set Mr David Bamberger, chairman of Church's, against his former deputy, Mr Richard Sherman, who resigned as chief executive in February.

Teamed with Mr Sherman are Mr Stanley Faye, the company's former general counsel, and Mr Stephen Lynn, chief executive of Sonic Industries, a private fast-food franchiser in Oklahoma City.

The group includes affiliates of Shearson Lehman and Citicorp.

Church's, based in San Antonio, Texas, has been the subject of takeover rumours after its earnings halved last year to $17.3m or 46 cents a share.

Nearly half of the stores operated by the company are in the depressed US oil patch and earnings have recently been hurt by rising chicken prices.

Stone plans assets sale to cut debt

By Mike Smith in London

STONE INTERNATIONAL, the UK systems engineer which emerged triumphantly from the failed textiles manufacturing group Stone-Platt International, yesterday said it would only just break even this year and is to sell one of its most profitable companies to cut debts.

The company, one of the world's largest manufacturers of air conditioning equipment for railway carriages, is also to reduce its dividend.

Stone said it expected a recovery next year but the developments mark a sharp setback for a company which until recently was regarded as one of the outstanding successes of the Stone-Platt receivership of 1982.

Following the textile group's failure Stone International was bought by its management, including Mr Robin Tavener, its current managing director. When it was floated on the stock market in October 1984 the offer was 19 times oversubscribed.

With gearing approaching 100 per cent by this year end at the end of the month, Stone decided to sell its 75 per cent stake in Andrews Group, which makes heating, drying and air-conditioning equipment, for £20.9m. In the year to May 31 1986 Andrews made pre-tax profits of £2.4m.

Bell Canada buys stake in Memotec Data

By Robert Gibbens in Montreal

BELL CANADA Enterprises, Canada's largest telecommunications group, is buying one third of Memotec Data, the small Montreal-based communications equipment and software company which early this year won the bidding battle for Teleglobe, the country's overseas communications utility.

BCE, parent of the Bell Canada telephone utility, Northern Telecom and many other companies will buy C$147m (US$110m) of new Memotec common shares and convertible preferred. This will give BCE a one third interest in the enlarged Memotec.

Lomas & Nettleton buys leasing unit for $288m

BY OUR FINANCIAL STAFF

LOMAS & NETTLETON Financial, the second largest US mortgage banker, has signed a definitive agreement to acquire Equitable Life Leasing from Equitable Life Assurance Society of the US for $1m in cash and stock valued at $288.1m.

Lomas, based in Dallas, has been diversifying from its traditional mortgage banking business, which accounted for 59 per cent of 1986's $376.4m of total revenues.

In recent years it has made ambitious forays into financial services with acquisitions in insurance and credit card operations.

Equitable Life Leasing had net income of $18.6m on revenues of $242.3m in 1986

Securities to be issued as part of the transaction include 1.5m common shares and, subject to adjustment, 71,000 shares of non-voting participating preferred stock, each representing the substantial equivalent of 100 common shares.

First published losses for Portuguese bank

BY DIANA SMITH IN LISBON

BANCO FONSECAS e Burnay (BFB) has become the first Portuguese state-owned bank to publish its losses. For 1986 these totalled Es 3.85bn ($26.2m) compared to year-end net worth of ES 9.26bn.

Mr Luis Almerindo Fernandes, chairman since June 1986, stressed that the stringent recovery measures taken last year and continued this year had paid off. The bank expected balanced books and perhaps even a small profit by the end of 1987.

The bank's efforts to shift money away from term deposits led to a 47 per cent increase in sight deposits and a 2 per cent decrease in term deposits last year.

The steady recovery compares with what the BFB chairman called the dreadful year of 1985. When, had the bank published the true figures prior to state subsidies, it would have shown a loss of Es 9.7bn – more than double the capital and reserves of Es 4.4bn.

The 1985 loss, and undeclared losses in previous years were the result of the proliferation of new branches opened for political rather than economic criteria, gross overmanning and interest rates that were administered by political rather than market criteria.

At least two other nationalised banks are likely to declare losses for 1986 when they present their accounts.

Mr Almerindo Fernandes said customers were already responding positively to the BFB's willingness to admit its losses. He felt it was benefical to management and staff to publicly assume responsibility for the situation.

There are signs that when the Portuguese constitution is altered within the next year, probably permitting extensive privatisation, some of the smaller banks like the BFB could be candidates for sale to foreign institutions.

Mr Almerindo Fernandes hinted that, if the price was right, he would have no objection to the bank's sale.

Wheeling-Pittsburgh jumps to $33.9m in strong first quarter

BY OUR FINANCIAL STAFF

WHEELING-PITTSBURGH Steel, the big US steelmaker operating *under Chapter 11 bankruptcy protection*, jumped to first quarter profits of $33.9m from $4m in the same period of 1986.

The company said a 7.9 per cent *rise* in steel shipments and an extraordinary tax credit contributed to the stronger earnings, which were equivalent to $6.20 a share against 36 cents last time. Significant cost reductions achieved since Wheeling filed for Chapter 11 in April had also contributed.

Shipments in the quarter increased to 581,043 short tons from 538,428 tons in the 1986 quarter, the company said. This was partly attributable to a work stoppage at the steel plants of its competitor USX, which *ended* in February.

Sales increased 16 per cent to $255.1m from $219.6m on the higher shipments and a product price rise of 2 per cent. Order backing had held steady during the period and the company expected similar production and shipping levels in the second quarter.

Income before extraordinary items rose nine-fold to $20m from $2.2m, while credits from tax loss carry-forwards were $13.9m against $1.8m in the year ago period.

Wheeling recorded a $1.9m pre-tax restructuring charge in the 1987 quarter after the settlement of a dispute with Diamond Shamrock, which split into Maxus Energy Corp and Diamond Shamrock Refining and Marketing on May 1.

Under the conditional settlement, which is expected to close in the second quarter, *Wheeling agreed* to transfer its holding in Wheeling Gateway Coal to Diamond as well as buying 1.8m tons of coal from Diamond through 1990.

Diamond agreed to reduce its unsecured claims against Wheeling from $301.9m to $75m.

Wheeling said this arrangement had been *approved by the* bankruptcy court.

NORTH AMERICAN QUARTERLY RESULTS

ALEXANDER & ALEXANDER
Insurance Broker

First quarter	1987 $	1986 $
Revenue	269.5m	249.2m
Net profits	14.4m	22.1m
Net per share	0.34	0.54

COASTAL
Energy

First quarter	1987 $	1986 $
Revenue	1.93bn	1.92bn
Net profits	44.1m	†52m
Net per share	0.65	1.35

† Loss

FRUEHAUF
Truck Trailers

First quarter	1987 $	1986 $
Revenue	605.6m	530.7m
Net profits	†5.66m	5.82m
Net per share	†1.23	not comp.

† Loss

HARCOURT BRACE JOVANOVICH

First quarter	1987 $	1986 $
Revenue	331.3m	225.0m
Net profits	†27.7m	†7.46m
Net per share	†0.70	†0.22

† Loss

HOUSTON INDUSTRIES
Utility

First quarter	1987 $	1986 $
Revenue	777.3m	795.6m
Net profits	57.8m	72.7m
Net per share	0.80	0.87

LOEWS CORP
Hotels, Cigarettes, Insurance

First quarter	1987 $	1986 $
Revenue	2.11bn	1.94bn
Net profits	87.1m	111.5m
Net per share	1.08	1.37

MATTEL INC
Toys, Games

First quarter	1987 $	1986 $
Revenue	211.9m	199.1m
Net profits	15,000	342,000
Net per share	†0.02	†0.08

† Loss

RESORTS INTL
Casinos

First quarter	1987 $	1986 $
Revenue	115.1m	10.4m
Net profits	†2.8m	†5.02m
Net per share	†0.44	†0.78

† Loss

TRANSCO
Energy

First quarter	1987 $	1986 $
Revenue	925m	1.14bn
Net profits	165.9m	28.0m
Net per share	†12.84	0.80

† Loss

Swiss corporate profits to rise 13%

By John Wicks in Zurich

THE PROFITS of 145 listed Swiss companies are likely to rise by 13 per cent this year, according to a study presented by Bank Vontobel. This compares with actual growth in 1986 of 12 per cent.

All sectors are expected to book higher earnings in 1987. Individual estimates see rises of 7 per cent for chemical companies, 10 per cent for the foodstuffs, 11 per cent for banks and 13 per cent for insurers.

Machine-building companies are seen as bouncing back by as much as 78 per cent after a 31 per cent decline in 1986.

These estimates are based on expectation of a 2.4 per cent real economic growth in Switzerland this year and exchange rates of SwF 1.60 per dollar and SwF 0.83 per D-Mark as an annual average.

The Zurich bank reckons with an average pay-out ratio of about 25 per cent in the light of "cautious dividend policy," with the total dividend sum rising by 9 per cent to some SWF 4.15bn.

Vontobel also forecasts a potential increase of "at least 15 per cent in the coming nine to 12 months" in share prices. In a separate study published by the bank, the price book ratio of listed Swiss shares is calculated at only about 0.9:1 – seen as "very low in an international comparison" – with registered shares running at no more than 0.7:1.

INTERNATIONAL CAPITAL MARKETS and COMPANIES

Launchings for Australian groups steal the limelight

BY CLARE PEARSON

AUSTRALIAN borrowers stole the limelight in the Eurobond market yesterday as two resources companies issued convertible bonds, a building society tapped the straight Australian dollar market, and News Corporation, the media group, issued debt with warrants in the Eurosterling market.

Eurosterling bonds meanwhile formed the chief focus of attention in secondary trading circles, after yesterday's announcement that the General Election was fixed for June 11. Prices started firm, but were later marked down by up to ½ percentage point in reaction to profit-taking in the gilt market.

Credit Suisse First Boston's £50m 9⅞ per cent five-year bond for News International, the UK arm of Mr Rupert Murdoch's News Corporation, which came with warrants into a seven-year 9⅞ per cent bond, nevertheless seemed to meet a fair response from investors.

Dealers said they had expected the bond part of the issue to be sold purely on an asset swap basis, but in fact some of it had been taken up by normal buyers of fixed rate bonds.

The package of bonds and warrants, priced at 100½, traded within its fees at 99.22 bid. The warrants are exercisable for two years at par.

Meanwhile, Nomura International tapped the Eurodollar market for a $200m 15-year convertible for Mr Robert Holmes à Court's Bell Resources — believed to be the largest hybrid bond for a non-Japanese borrower led by a Japanese securities house.

The bond, which includes put and call features, carries an indicated coupon of between 5 and 5½ per cent and an indicated conversion premium of between 19 and 22 per cent. Priced at par, it was quoted at 98½ bid, compared with 2½ per cent fees.

Morgan Stanley at the same time tapped the convertible market with a deal for American Brands, the US tobacco and financial services company. The $400m callable issue will pay interest in the range 7½ to ⅞ per cent and the conversion premium will be between 27 and 30 per cent. The bond was quoted at 99½ bid, ½ point below issue price.

INTERNATIONAL BONDS

CSFB led a A$125m 10-year convertible for Mount Isa Finance, a subsidiary of MIM Holdings, the Australian mining company. The callable par-priced issue bore a 9½ to 9¾ per cent coupon and 20 to 25 per cent conversion premium. It was quoted at 98½ bid, compared with 2½ per cent fees.

Banque Indosuez led an A$50m four-year 14½ per cent bond for Resi-Statewide, the Australian building society. The par-priced deal is secured by a pool of mortgages which may not fall below 130 per cent of the nominal amount, insured by the Housing Loans Insurance Corporation.

Orion Royal Bank led an A$40m two-year 14½ per cent issue for a Jersey subsidiary of F. Van Lanschot Bankiers, the Dutch banking house in which Rabobank and National Westminster have large shareholdings. The bond was priced at 101½.

Mitsubishi Finance led a Y20bn five-year 4½ per cent bond for Swedish Export Credit Corporation, priced at 102.

After opening firmer, Eurodollar bond prices drifted in light turnover yesterday afternoon.

D-Mark Eurobonds ended the day about ½ point firmer in price. In the domestic market, the average yield on all outstanding public bonds fell to 5.24 per cent the lowest level since April 1978.

Schweizerischer Bankverein (Deutschland) led a DM 150m seven-year 5½ per cent bond for Interfinco (Luxembourg), the financing arm of Cofide, the master holding company of Italian businessman Mr Carlo de Benedetti. The par priced bond was quoted by the lead-manager at 96 bid, compared with 2½ per cent fees. Dealers viewed the terms as rather aggressive.

In the Swiss market, prices moved slightly lower in small volume.

UK to protest on EC prospectus rules

BRITAIN'S Department of Trade and Industry has agreed to make "strong representations" to the European Commission to press Eurobond bankers' concerns about the effects on the new issues market of a draft directive on prospectuses, writes Clare Pearson.

An official in the financial services division said the DTI was seeking to channel fears about the directive, which is due to go before the Council of Ministers next month, being voiced by the International Primary Market Association, a trade body

Mr Andrew Large, chairman of the Securities Association, the self-regulatory body responsible for monitoring securities firms in London, said the association expected to join with IPMA in pressing for the directive to be modified to take into account the needs of the international markets.

Bankers are worried primarily about a requirement in the directive for a prospectus to be lodged with a "competent" authority in a European Community state before sale of an issue of debt or equity can begin.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 96	15	101⅞	102	0	−0⅛	4.67
Denmark, Kingdom 5¼ 92	100	101⅞	102¼	0	−0⅛	4.67
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ashikaga Bank 2¼ 02	4/87	976	129¾	130¾	−0⅛	−1.92
Chiba Bank 2⅛ 02	1/87	830	235¾	237¾	−0⅛	3.49
Fuji Bank 2¼ 00	10/85	1620	462½	463½	+0⅛	1.11
Fuji Heavy Industries 3 00	2/85	676	123¼	124½	−0⅛	−1.04
Fujitsu 3 99	5/84	1189	115¾	116¾	−0⅛	−1.01
Gunma Bank 2¼ 02	4/87	885	144¾	145¾	+3⅛	0.98
Mitsubishi Bank 2⅞ 00	6/85	1715	431	432	+0⅛	0.55
Mitsubishi Trust 2½ 01	5/86	1680	418¾	419¾	+0⅛	−2.25
Mitsui Bank 2⅞ 01	4/86	1019	365¾	366¾	−0⅛	2.18
Mitsui Trust 2⅞ 01	10/86	1990	193¾	195¼	−0⅛	0.47
Murata 3⅛ 00	7/84	1998	158½	160½	−0⅛	−4.37
Nippon Elec. 2⅞ 00	1/85	1295	218¾	219¾	+1⅛	[illegible]
Nippon Oil Co. 3 00	5/85	923	249½	251½	+3⅛	1.41
OKI Elec. Ind. 3⅛ 99	†10/84	685	124	125½	+0⅛	0.72
Omron Tateisi 2⅞ 02	4/87	1336	86¾	87¾	−0⅛	1.06
Sanwa Bank 2¼ 00	10/85	1442	425¾	426¾	−3⅛	−0.25
Sumitomo Bank 2¼ 00	4/85	2142	406¼	407¼	−3⅛	3.54
Toshiba Ceramics 3 00	4/85	1734	124¾	125¾	−0⅛	13.38
Nippon Oil Co. 2⅛ 92 SFr	[illegible]	2001	139	139¾	−3	−3.57
Yokohama Bank of 2⅛ 01	10/86	1045	222½	224½	−3½	0.56

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅜ 96	100	†102½	103½	+0⅛	+1⅛	5.30
Amer. Corpn. 5¼ 01	200	†94	94½	+0⅛	+2¼	5.86
Baker Int. 4⅞ 96	200	98	99	−0⅛	+1	5.71
Carlsberg 5 96	80	†103½	102	0	0	4.76
Chugoku 5¼ 94	90	†103	103½	−0⅛	+0⅛	4.83
Deutsche Bk. Fin. 5⅛ 95	150	†105	105½	0	+0⅛	4.39
EIB 4⅞ 97	200	†98½	98¾	−0¼	+0½	4.80
Glendale F. S. & L. 5½ 95	100	†102¼	102½	−0¼	0	5.14
Humana 5⅛ 98	120	†99	100	+0⅛	+1⅛	5.18
Industrial Credit 5¼ 96	75	†99	100	−0⅛	−0⅛	5.82
Japan Dev. Bk. 5⅛ 97	100	†101	102	−0⅛	−0¼	4.93
Oberös. Kftwk. 5½ 95	100	†103½	104	−0⅛	+0⅛	4.78
Olivetti Intl. 5⅛ 95	100	†104½	105	+0⅛	+1⅛	4.78
Pepsico 5¼ 95	150	†104¼	104¾	−1⅛	+0⅛	4.55
Prov. of Manitoba 4⅞ 94	200	†102¼	102¾	−0⅛	+0¼	4.35
Ralston Purina 5½ 94	125	†102⅞	103	0	−0⅛	4.90
Sensu Euro. 0 01	100	†46	46¼	+0¼	+0¼	5.71
Tohoku Elec. Pwr. 4⅞ 96	150	†99½	99¾	−0¼	+0½	4.92
USX Corpn. 5¼ 98	100	†96¼	97	−0⅛	+1⅛	6.14
World Bank 5¼ 94	150	†105¼	106	−0¼	+0⅛	4.86

Average price change on day −0⅛ on week +0⅛

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The prices over the past week were supplied by: Kredietbank NV; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; J. Henry Schroder Wagg and Co.; Bank of Tokyo International; Chemical Bank International; Chase Manhattan; Citicorp International Bank; Daiwa Europe NV; Credit Commercial de France (Securities); EBC Amro Bank; LTCB International; Robert Fleming and Co.; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch Pierce Fenner and Smith; Morgan Stanley International; Nikko Securities Company (Europe); Nomura International; Orion Royal Bank; Samuel Montagu and Co.; Societe Generale Strauss Turnbull; Sumitomo Finance International; Swiss Bank Corporation International; S. G. Warburg and Co.; Wood Gundy.

Fifty walk out from London bond firm

By Alexander Nicoll, Euromarkets Editor

ABOUT 50 employees of Purcell Graham, a Eurobond broking firm, tendered their resignations yesterday in the largest mass defection the Eurobond market has seen.

Amid strong market rumours that the group would join Cantor Fitzgerald, a rival inter-dealer broker, Mr John O'Connell, managing director of Cantor in London, said: "We have been approached by a number of Purcell employees and we have advised them that in the event they lawfully terminate their current employment, we would be pleased to have them."

Purcell Graham, then US-owned, was the first broker to set up in the Eurobond market in 1978. Last year, it was acquired for $22m by Exco International — itself subsequently absorbed by British and Commonwealth Holdings.

Mr Richard Lacy, Exco chairman, said the employees, based in London and Hong Kong, did not turn up for work yesterday and submitted their resignations by courier. These did not include any of Purcell Graham's directors or senior management, he said.

Until yesterday, Purcell's total staff had numbered just over 100. Last night, the exact number who would actually leave the firm to join Cantor was not clear.

Cantor Fitzgerald, an independent US broker, set up its office in London last October and has been establishing a presence in the Eurobond market. It has about 40 broking staff in London operating in the Eurobond and US government bond markets, and has applied to join the Association of International Bond Dealers.

The moves come as the role of inter-dealer brokers is being brought under increased scrutiny in the Eurobond market. They provide a means for professionals to trade bonds among themselves anonymously and are also active in the new issues market.

With the introduction of formalised trading rules for the Eurobond market, a half-dozen of the leading brokers, including both Purcel and Cantor, have applied to hold the new status of recognised brokers. This would mean giving an undertaking that they would trade only between market makers and not with end-investors.

Investors from abroad cash in on NTT float

By Carla Rapoport in Tokyo

FOREIGNERS appear to be profiting from the steep appreciation of Nippon Telegraph and Telephone shares, even though they are officially barred from owning any part of Japan's first privatised state company.

The first tranche of NTT shares, which went on sale earlier this year, has scored a tremendous success in Tokyo. On the back of buoyant market conditions, NTT shares have soared from Y1,190 to over Y3,100.

According to stockbrokers in Tokyo, foreign investors have managed to get in on the NTT act through a small, but active, grey market.

Japanese stockbrokers, and foreign securities firms with seats on the Toyko Stock Exchange, purchase the shares legally on behalf of Japanese clients. It is understood that some of these shares have then been finding their way into foreign hands for short periods of time, enabling the foreign investors to make handsome profits before they are resold.

The Ministry of Posts and Telecommunications, the Govment's watchdog on the NTT privatisation, said yesterday that no sanctions exist to prevent or stop such dealings. NTT said that unconfirmed reports in recent weeks had put foreign ownership as high as 5 per cent.

NTT said the matter should be cleared up shortly, however, as a registration of share ownership is being carried out by Chuo Trust. This action will probably encourage any foreigners who hold shares to sell them within the next few weeks.

While there are no official sanctions against foreign investors trading in the shares, the Japanese would probably take action against any foreigner bold enough to register as a shareholder.

Frankfurt awaits Japanese debut

IF WEST GERMAN banks had lace curtains, many would be twitching now. For it may only be a matter of days—at most weeks—before Japanese banks and securities houses are permitted to lead manage Deutsche Mark Eurobonds. Both local and foreign investment bankers in Frankfurt would love to know what they have up their sleeves.

Once BHF-Bank and Beyerrische Vereinsbank, the two West German institutions still waiting for securities licences in Tokyo, are satisfied — as is widely expected to happen later this month — the Bundesbank is virtually certain to let the Japanese become lead managers.

Not that Japanese investment banks are newcomers to Frankfurt. Many are already present in the bond market, either through co-managing and underwriting Euro-DM paper or by participating in the federal government bond consortium sine its enlargement.

Industrial Bank of Japan (Germany) is the longest established of the six Japanese investment houses, with a 25-year history. By comparison, Bank of Tokyo and the big four securities houses are less conspicuous, concentrating more on trading.

The securities houses have benefited from the strength of the Japanese equity market, which has made German investors look more closely at equity-linked Euro-DM bonds for Japanese borrowers, particularly because of the lacklustre West German share market this year.

Some bankers think that as many as 25-30 Japanese borrowers may already be waiting to issue bonds once the Japanese houses are given the go-ahead. "Why should they give the mandate away to a West German bank?" asks Mr Thomas Oldenbourg, manager of capital markets at Chase Investment Bank in Frankfurt.

Meanwhile, all the Japanese houses are looking for more staff. Daiwa currently has about 50 staff, while Nikko employs 26.

Most expect the Japanese to concentrate on leading equity-linked deals for Japanese names at first, much as they have done in the Swiss franc market. But few imagine the Japanese houses will hesitate to pitch for Euro-DM mandates for any borrower, especially if interest rate and swap relationships make Japanese clients more inclined to borrow in Swiss francs rather than Deutsche Marks.

The most pessimistic German bankers are already worrying about overcrowding and aggressive pricing as the newcomers try to gain market share. Deutsche Bank and Bayerische Vereinsbank, which have built up a good business in deals for Japanese names, could be the first to see some business slipping away.

Others take a more measured view. "The Japanese will do everything necessary to come up with the right things," says Mr Christoph Niemann, a partner at Trinkhaus & Burkhardt, and previously head of new issues at BHF-Bank. "The first issue will be a private placement by IBJ for itself," wagers another senior ex-BHF man. "Then maybe Nomura will do an equity-linked deal for itself."

The likelihood of a cautious start by the Japanese boils down to the importance of "doing things by the book" in the relatively small and traditional Euro-DM market. In that respect, the market in some ways resembles doing business in Japan. "To do things in the wrong way in the German bond market is more or less killing yourself," says one leading West German investment banker.

Mr Masayuki Yamamura, the chairman of IBJ (Germany), confirms expectations of a cautious build-up. "We think the German market is completely different from the Eurodollar market. It is not one where only price competition can get through," he says.

Haig Simonian on new players in D-Mark Eurobond business

That may not be the end of the story, however. While established Japanese investment banks in Frankfurt may be prepared to proceed cautiously, up to 10 more Japanese banks are reliably believed to be interested in coming to Frankfurt to take advantage of the likely liberalisation.

The Japanese Ministry of Finance, which has to give its approval, will probably accept only half of the applications, on the grounds that the Euro-DM market cannot sustain so many newcomers at once.

The possibility of two distinct Japanese groups in Frankfurt, perhaps with different issuing targets and attitudes to the market, worries some. While the established Japanese houses have gained experience in the market, the newcomers may be tempted to behave more aggressively.

Some West German bankers are confident that the Japanese will not undercut established commission structures — not least out of self-interest. "Such behaviour would cause more lasting damage to relationships in the traditional German market than in the much bigger Eurodollar sector," notes one. "We wil lead bonds only when the circumstances are ripe," reassures Mr Yamamura.

Those tempted to undercut commission may get by in the short term, but there are dangerous long-term consequences, warns Mr Niemann. "The Japanese houses have the know-how and the access to mandates; but it is German placing power which will be important in the end."

The Japanese institutions' immense domestic placing power may well help them get sell off over-aggressive Euro-DM deals at first. But Japanese investors' current appetite for more diversified portfolios should not be taken for granted, Mr Niemann argues.

The established Japanese investment banks have been trying to improve their links for some time, though building up their long-term placing power with West German institutional investors like the savings banks and pension funds will be neither quick nor easy. How firmly such relationships can be cemented will to a large extent depend on the quality of the deals the Japanese players eventually bring to the market.

Singapore stakes for more foreign brokers

BY ROGER MATTHEWS IN SINGAPORE

THE Stock Exchange of Singapore took a further step yesterday towards broadening its international appeal with the announcement that foreign institutions had been permitted to take 49 per cent stakes in three more local broking houses.

Overseas brokers said they were encouraged by the decision. "It shows that the inevitable has been accepted and that what the Monetary Authority of Singapore has been urging is now coming to fruition," said one broker.

The three approvals given yesterday were:

- Morgan Grenfell (Asia) and Mr Ng Soo Peng will join with Su E-min to form a stock broking firm. Morgan Grenfell and Mr Ng will own 44 per cent and 5 per cent respectively of the new firm's equity.
- Kuwait Asia Bank, Elders Pica and Roach Tilley Grice (Australia) will take a combined 49 per cent holding in Fraser and Co.
- BT Holdings (Asia), a subsidiary of Bankers Trust New York Corporation, and Golden Hope Securities will form a company with Golden Hope Holding 51 per cent of the equity.

The stock exchange said it had received 12 applications, of which the three had been selected. Approval for a further two foreign institutions would be given once it had completed its evaluation.

Three months ago, the stock exchange committee said that it was prepared to see foreign institutions raise their initial stake in local broking houses to 70 per cent over a three-year period, although that could be shortened in special cases. Anything above 70 per cent would have to be considered on a case-by-case basis, but few stock exchange members doubt that 100 per cent foreign ownership will be granted eventually.

Following recent heavily over-subscribed new issues, the stock exchange also issued new guidelines yesterday on the return of application money.

It said that balloting procedures had to be clearly spelled out in advance, a stock exchange member had to be present during the ballot, and unsuccessful aplicants were to be informed and their money returned within 24 hours.

INTL. COMPANIES and FINANCE

Nedbank first-half income helped by better margins

BY JIM JONES IN JOHANNESBURG

NEDBANK, South Africa's third largest banking group, benefited from a reduction in unprofitable assets and better banking margins in the half-year to March 31, 1987.

Interim operating income before tax and bad debt provisions, but after transfers to or from hidden reserves, increased to R121m ($60.5m) from R88.5m in the corresponding period of 1986. A virtually unchanged bad debt provision of R43.7m gave rise to an interim disclosed pre-tax profit of R77.3m against R45.2m.

In the financial year to September 30, 1986, operating income was R225.1m and pre-tax profit R105.8m. Total assets were R14.19bn on March 31 against R14bn on September 30, and advances to customers rose to R9.16bn from R9.05bn.

Unlike Standard and Barclays, its two larger competitors, Nedbank does not disclose interest income or interest charges. However, the bank normally derives a greater proportion of its deposits from the wholesale capital market, as a result of which operating profits are more quickly responsive to interest rate shifts than is the case with the other banks.

This explains in part why Nedbank's disclosed interim operating income rose more rapidly than those of Standard and Barclays.

The loan portfolio has been strengthened by elimination of the exposure to the troubled Triomf Fertilizer group. Nedbank placed Triomf in the hands of liquidators who sold its factories serving domestic markets to AECI and its Richards Bay export factory to a secret consortium.

During the half-year, Nedbank acquired Finansbank, the formerly independent merchant bank, and appointed Mr Piet Liebenberg, its chief executive, as Nedbank's group chief executive.

Disclosed earnings for the first half increased to 37.2 cents a share from 35.7 cents, and the interim dividend has been increased to 11 cents from 10 cents. Last year's disclosed earnings totalled 74.8 cents and a total dividend of 30 cents was paid.

Nedbank is controlled by Old Mutual, South Africa's largest life assurance company.

Pretoria Cement edges ahead

BY OUR JOHANNESBURG CORRESPONDENT

PRETORIA PORTLAND Cement (PPC), the largest of South Africa's three cement makers, continued to suffer from weak demand by the building and construction industries in the half-year to March 31.

Nevertheless, cement sales rose slightly to 1.42m tonnes from 1.37m tonnes in the corresponding period of the previous year. Sales were 2.92m tonnes for the year to September 30.

First-half turnover increased to R215.9m ($108m) from R184.6m, operating profit before interest and tax increased to R44.8m from R38.1m while interim pre-tax profit was R44m against R38.5m. Turnover was R407.5m in the last financial year.

The directors say that the cement division's margins were reduced but that the lime division's sales and margins increased. Capital spending remains restricted to essential plant improvements and replacements and spending on additional capacity is unlikely for several years.

The cement industry as a whole is operating at little more than 60 per cent of its installed capacity and several plants remain mothballed.

Earnings rose to 58.4 cents a share in the first half from last year's 48.9 cents, and the interim dividend has been raised to 16 cents from 14 cents. In the last financial year, earnings were 116.1 cents and a total dividend of 47.1 cents was declared.

PPC is a subsidiary of Barlow Rand, the industrial and mining group.

Kumagai (HK) offer price set

BY PETER MONTAGNON IN HONG KONG

KUMAGAI GUMI (Hong Kong), the local offshoot of the Japanese construction group, has set a price of HK$2.50 on the 67m shares it is to offer to the public here this month.

The price means that the offering, which involves 22.95 per cent of its newly restructured capital, will raise HK$155m (US$19.9m) in all. It implies a total valuation on the company of HK$730m compared with net assets of HK$332m on February 28.

The prospectus, published yesterday, said that Kumagai, which has acquired a dominant position in the local construction market in recent years, had orders in hand of HK$5.3bn. However, it shed litle light on the company's working relationship with its Japanese parent.

Kumagai (Japan), which will hold 35 per cent of the Hong Kong company after the issue, remains involved in the territory through such projects as the second cross harbour tunnel and the new Bank of China building.

Mr Eugene Lee of Wardley Corporate Finance, one of the underwriters to the issue, said this was because Kumagai (Hong Kong) lacked the necessary financing capability in the first case and expertise in high-rise construction in the second.

Kumagai said its Hong Kong company would be the Japanese group's main general contracting unit for Hong Kong and China, but industry analysts believe the flotation is basically a response to complaints from local industry over the size of its share in the Hong Kong construction market.

Local constructors last year unsuccessfully sought government intervention to bar foreign concerns from tendering for smaller development projects in the territory. Kumagai said the flotation will give it a closer identification with Hong Kong.

The Japanese firm will receive no cash from the sale which involves new shares. Proceeds will be used for general working capital as well as the acquisition of a further 16.5 per cent stake in Oriental Mountain Development.

Based on a profits forecast of HK$75m for the year to September 30, the sale price represents a prospective price-earnings ratio of 7.1 per cent. The projected dividend yield is 7 per cent.

TNT lifts profits and payout

TNT, THE Australian-based international transport group, has reported an increase in net profit for the nine months ended March 31 to A$98.5m (US$70m), from A$68m for the same period a year ago, Reuter reports from Sydney.

Net profit for the year to June 30 is expected to exceed substantially the A$106m earned in 1985-86.

TNT also announced a one-for-five bonus issue to shareholders registered June 5 and, with a 4 cents third-quarter dividend, raised its payout for the first nine months to 12 cents from 10.5 cents.

The bonus shares will rank for the fourth-quarter dividend and TNT's present intention is to pay quarterly dividends totalling 15 cents annually on enlarged capital.

Australian operations increased sales and profits in the nine months following rationalisation, but New Zealand continued to perform poorly in difficult trading conditions.

European operations made a further strong contribution, while the Skypak global courier business and the North American trucking operations posted improved performances.

Strong yen blamed for 67% slide at Casio

By Yoko Shibata in Tokyo

CASIO, one of the world's largest makers of digital watches, suffered a 67.1 per cent fall in its parent company pre-tax profits in the year to March 20 to Y4.24bn ($30m) from Y12.89bn a year earlier. Net profits declined by 46.8 per cent to Y3.23bn, or Y14.16 a share, from Y6.07bn, or Y30.29.

The setback in earnings was blamed on the yen's steep appreciation, as well as on narrowing margins on mature products, which accounted for 65 per cent of sales but are now threatened increasingly by competition from South-east Asian digital watch manufacturers.

Total sales also fell by 14 per cent to Y203.17bn from Y236.2bn. Domestic sales improved by 6.5 per cent from the previous year, but exports plunged by 24 per cent.

Electronic calculator sales fell by 22 per cent to account for 39 per cent of total turnover. Sales of digital watches also fell by 24 per cent to account for 25.5 per cent of the total.

Sales of computers and other products advanced by 8.6 per cent to account for 35.4 per cent of Casio's total turnover.

Operating profits deteriorated by 91 per cent to Y1.04bn from Y11.7bn a year ago.

For the current year, Casio expects favourable effects from a reduction of stocks by Y15.2bn from the previous year. This, coupled with the introduction of new products, is expected to boost pre-tax profits to Y8bn, with net profits of Y4bn, on turnover of Y230bn.

Exchange loss of Y770m hits Makino Milling

By Our Tokyo Staff

MAKINO MILLING, the large Japanese machine tool manufacturer, has reported a 79 per cent fall in pre-tax profits to Y1.64bn ($11.7m) in the year to March 31 from Y6.8bn in the previous year. The steep fall in earnings was attributed to lower sales and exchange losses of Y770m.

However, a 74.7 per cent drop in net profits to Y790m also reflected valuation losses of Y1.1bn on the company's shares in its US subsidiary.

Makino revealed that it may suffer its first pre-tax loss in the current year to March 1988 as a result of higher foreign exchange losses resulting from the yen's steep rise. The group says it is likely to report a pre-tax loss of Y1.2bn on sales of about Y40bn in the current year to March 1988.

The company is cutting its annual dividend to Y5 a share from Y11. It plans to peg its annual dividend at Y5 for the current year by dipping into profits carried over from the previous year.

Bond Media undersubscribed

THE FLOTATION of Bond Media by Bond Corporation Holdings has closed with a 27 per cent shortfall on subscriptions, Reuter reports from Perth.

Of the 264m shares offered at A$55 each to Bond Corporation shareholders, 193m were taken up by Dallhold Investments, the family company of Mr Alan Bond, the chairman, other Bond Corporation shareholders and professional investors, the company said.

The A$110m shortfall is fully underwritten by A. C. Goode and Rivkin James Capel.

CONTRACTS

Press wins oil platform commissioning work

A £10m contract from Marathon Oil UK extends **PRESS OFFSHORE**'s association with the Brae "B" platform into mechanical areas of hook-up and commissioning. About to complete a £24m-plus contract for five Brae "B" modules at its Hadrian yard on Tyneside, Press Offshore has now been engaged for offshore hook-up and commissioning on the new £1.37bn North Sea development. The hook-up/commissioning project is scheduled to start offshore in the spring. A major part of it will be carried out by Press's offshore services division in Aberdeen. The division will provide supervision, personnel and equipment to hook-up and commission mechanical systems and pipework on the platform's topsides. Up to 400 mechanical tradespeople and other specialists are likely to be employed offshore at peak times. The project is scheduled for completion in late-1988.

Engineering services for chemical plant in Taiwan

DAY McKEE (LONDON) has signed a US$18m (£10.8m) contract with Nan Ya Plastics Corporation of Taiwan for the supply of a process licence and engineering services for a large petrochemicals plant in Taiwan. Nan Ya Plastics is a member of the Formosa Plastics Group. The plant will manufacture 150,000 tons per year of 2-ethylhexonal (2EH), most of which will go into the manufacture of plasticisers used for flexible PVC production and in addition 20,000 tons per year of normal and iso-butanols. The plant will use the LP Oxo process owned by Davy McKee, Union Carbide and Johnson Matthey by which "oxo" alcohols are synthesised from propylene and synthesis gas using a proprietary rhodium catalyst. The agreement also covers the production of synthesis gas and hydrogen by a process using the catalytic steam reforming of naphtha incorporating the CRG Process under licence from British Gas.

French Kier subsidiary **MOSS LONDON** has started work on the London Borough of Wandsworth's Doddington Estate, SW11. The £3.6m contract is the first phase of environmental improvements to the estate, which is composed of 15 high- and low-rise blocks. The first phase is scheduled for completion in June 1988.

The main function of the "environmental improvement" programme is the creation of identifiable neighbourhoods within the estate. Each neighbourhood will be made up of from two to three blocks. Each will have its own neighbourhood or "block" gardens, tenants' room and entrances. To create the gardens under-used multi-storey car parks will be demolished and car parking organised in smaller observable areas.

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FAIRCLOUGH BUILDING, southern division, has been awarded a £3m management contract from Cliffsum for the construction of luxury residential units at 12 Avenue Road, St John's Wood, London. The development will consist of two blocks each containing a penthouse and maisonettes. Built on piled foundations, the buildings will comprise structural concrete frames with brickwork cladding. Lifts and staircases are to be installed, and one basement car park will serve all units.

Regalian Properties has awarded a contract, worth over £6m, to **LLEWELLYN CONSTRUCTION**, Milton Keynes. The development comprises a nine-storey block of 75 luxury flats, incorporating a three-storey penthouse and underground garaging. It overlooks the River Thames at Nine Elms Lane in Battersea, SW8. Work has started and completion is due in July next year.

★

SECURITAG UK has won a £2m contract for the installation of its system in each of the 236 stores run by Mothercare in the UK. The contract was awarded after extensive field trials during which systems from leading competitors in the market were all put to the test operationally. Mothercare run some 1,000 stores world-wide and discussions are going on which could lead to the introduction of Securitag installations in them all.

★

STOCKRAIL, of Gomersal, West Yorkshire, designers and manufacturers of garment handling and storage systems, has gained an order worth £1.7m from the Burton Group. The order is for a complete three-tier hanging garment storage system to be installed at Burton's Northampton distribution centre, and will include two mezzanine floors, interfloor conveyors and distribution trolleys. Work on the project will be completed in September.

Underwater defence

CHLORIDE INDUSTRIAL BATTERIES has won a follow-on order worth more than £20m to supply batteries for the advanced lightweight Sting Ray torpedo. It is the company's largest single order and means work on it will go on until the 1990s at the Clifton, Manchester, plant. The batteries will be supplied to Marconi Underwater Systems who manufacture Sting Ray which is now in full production and service with the Royal Navy and the Royal Air Force. Chloride is also supplying batteries for Tigerfish, the "heavyweight" wire-guided homing torpedo.

DOWTY MARITIME Systems has won a £10m order from the Ministry of Defence for its CAMBS sonobuoys for detection of submarines, bringing the total of sonobuoys supplied to the British services to more than 500,000, David Buchan writes.

Mr Colin Cocks, managing director of Dowty Electronic Systems, told a press conferences that his company was considering the Ministry of Defence's invitation to companies like Dowty to compete with Marconi Underwater Systems for the new production batch of Spearfish torpedoes.

CLUGSTON CONSTRUCTION has won contracts worth £6.2m during recent weeks for a variety of building and civil engineering works. The largest is the £2m Frank Perkins Parkway (North) for Peterborough Development Corporation. Building works totalling £3.4m consist of three schools at Lincoln, Bourne and Mansfield for Lincolnshire and Nottinghamshire County Councils, together with bunker bay roof repairs at Eggborough power station for the Central Electricity Generating Board, and a design and build contract for the construction of factories at Flixborough Industrial Estate, Scunthorpe, for English Estates. Further civil engineering contracts include roads and filters to Knostrop Sewage Treatment Works, Leeds, for the Yorkshire Water Authority and reinforced concrete works to a new swimming pool at Butlins Funcoast World project at Skegness.

★

TRAVERS MORGAN INTERNATIONAL in association with the local company MSCEB has been appointed by the Roads Directorate of the Ministry of Works, Power and Water in Bahrain to review the design and supervise the construction of the Budaiya Road flyover—a £4m project. The flyover will form part of the National Loop Road. Ballast Nedam Groep, the contractor, started work on the site earlier this month and construction is expected to take at least eight months.

★

G. JACKSON & SONS has been undertaking interior decorating, principally in the City of London and the rest of the capital to a total contract value of some £675,000. Clients have included the King's Observatory at Kew; Fishmongers Hall in the City; the Institute of Bankers in Lombard St, EC; the Park Lane Hotel, W; Lloyd's of London in Lime St, EC; Glaziers Hall, London Bridge and at the RAC's Clubhouse in Pall Mall, SW.

Kymmene Corporation of Finland has assigned **JAAKKO POYRY** to design its new LWC paper mill to be built in Scotland. The mill for Caledonian Paper will be built at Irvine near Glasgow. It is scheduled for start-up in spring 1989 with a production capacity of about 170,000 tons of LWC paper a year. The total investment is estimated at £230m. Jaakko Pöyry, as main engineering consultant, will be responsible for design engineering, construction and erection supervision.

★

UBM Overseas has gained two orders together worth £500,000 and a further seven contracts totalling £312,000 in such varied markets as the Middle East, West and East Africa and Nepal. The largest order, at £295,000, is for an EEC-funded hospital project in Zanzibar which involves the supply of materials from over 40 manufacturers. The British Council has awarded another procurement package at £270,000 for accommodation in Lagos. Both of these contracts include goods manufactured by the Norcros Group.

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BOVIS CONSTRUCTION has been awarded a £1.2m management contract to refurbish 45,000 sq ft of Walden House, Cathedral Place, London, EC1, as expansion space for Freshfields. The project involves the installation of a new M & E system throughout eight floors of the nine-storey office building. The work is due for completion in June.

Housing orders for A. H. Guest

A. H. GUEST, of Stourbridge, has won contracts, worth £2.5m. They include a 2,400 sq metre sheltered housing scheme for Coventry Churches Housing Association, at Canley, Coventry, a branch office for TSB in Hockley, Birmingham, a refurbishment scheme for 52 pre-war houses at Saltley for Birmingham City Council, and 24 flats for Wyre Forest District Council at Kidderminster, Hereford, Worcs. Work starts this month on the Coventry sheltered housing scheme, costing £900,000, and providing 38 flats for frail and elderly people. The project will take up to 18 months to complete.

★

ALFRED McALPINE CONSTRUCTION has been awarded a contract worth almost £1m by the Elim Housing Association of Bristol for the construction of 24 sheltered flats, a common room and associated works at Grange Road, Bermondsey. The 78-week contract started last month.

The company also has a contract worth almost £1m from Roche Estates for a six-storey office block in Douglas, Isle of Man. The 14-month contract also started last month.

★

SHEPHERD has won a contract worth almost £1.7m to build a convalescent home at Bridlington for the Nalgo Welfare Fund. The building will accommodate up to 44 residents in single and double rooms. The home will make use of a sloping site overlooking the sea. The building's ground floor becomes a first floor at one side of the site, with a lower ground floor beneath. Built around a courtyard, and with terracing included, work on site has started, for completion in August 1988.

★

WILMOTT DIXON has a contract worth about £850,000 for the construction of an employment benefit office at Kirkdale Road, East London. The company also has a contract in the region of £890,000 for construction of a three-storey arts and craft centre at St Christopher School, Letchworth.

Advanced Japanese technology meets British musical talent. Eric Stewart of the 10 CC band tries out Yamaha's MIDI grand piano. This can be connected to a number of synthesisers and allows sounds to be layered. For example, a note can be played on the piano and a synthesiser instructed to repeat it as it would sound on a stringed instrument

Yamaha's research strikes the right chord in London

Jane Rippeteau reports as the Japanese instrument maker gets in tune with British musical know-how

IN A stifling underground room packed with musicians, composers and music professionals from the Dire Straits band and 10cc to the Royal College of Music, Nobuto Tojima, board member of top musical instrument makare Yamaha of Japan, pushed a button to launch a noisy audio-video display.

The musical score was made up entirely of synthetically-produced sound. Its conclusion signalled the opening of a novel laboratory: a research and development (R&D) centre to which Yamaha will invite selected musicians to try out and comment on new electronic musical instruments and prototypes in development.

"We want to get new ideas as early as possible to feed back to our development operations in Japan," says Hitoshi Atsumi, manager of the centre. "London was the natural choice" for Yamaha's first such facility outside of Japan, he says, because "it is the leading place for musical innovation." Yamaha is building a similar centre in New York City, he adds.

The centre will not be open to the public, but rather to professionals involved in the forefront of music-making, according to Yamaha. The company spent £500,000 to build the centre, and equip it with instruments, a 24-track recording studio and seminar rooms, says Atsumi.

"Everytime something new comes out, I'll be down there straight away," says Guy Fletcher, keyboard player for Dire Straits. He says that other instrument manufacturers also try to get product feedback from artists, but that "Yamaha does it best."

Fletcher recently was among a group of musicians invited by Yamaha to preview a new digital mixing system. "We made comments, and they changed it," he says. Alteratios ranged from colour—Yamaha started with white; the musicians advised black—to the way controls were laid out.

"We need the know-how of the musicians," says Atsumi. "We want to know how they use the equipment. Sometimes, with their artistic ability, these people can create sounds which we could not have expected." Most of the equipment involves electronic control. "Just as a computer cannot be used without software, these machines need the software enabling people to make the most of a particular technology," he adds.

Although Yamaha claims the centre is the first of its kind outside Japan, Ian Horsbrugh, director of studies at the Royal College of Music in London, says centres for the study of electro-acoustic sound have been set up in Paris and at the Massachusetts Institute of Technology in Cambridge, Massachusetts.

"There has been in this country a lack of focus for this music," he says. The centre is very important, because "we are in the middle of a remarkable revolution. The machinery is becoming increasingly important to new music forms."

He says he is particularly excited about one studio at the Yamaha centre which can recreate the acoustics and effect of performing in a large concert hall.

One new instrument already at the centre, which caught the fancy of Fletcher of Dire Straits, is a piano equipped with a so-called MIDI controller (for musical instrument digital interface) that allows it to run a number of synthesisers attached to the piano.

"The potential is quite amazing," says Fletcher. "You can layer sounds" by, say, playing a note on the piano and instructing a synthesiser to play it as though on a string instrument.

Other manufacturers have attached MIDI pick-up mechanisms to piano strings so that notes played can be recorded electronically and played back. But this machine takes the technology a step further, Fletcher says. "You could have this piano on stage and underneath the stage ten synthesisers programmed to go from string to horn or whatever you want." He says he will be back trying equipment at the centre after recording music for a new film comedy in Los Angeles.

In opening the centre, Yamaha enhances an already strong presence in the UK music market. By 1986 Yamaha Japan (the Nippon Gakki Co) had acquired a 40 per cent share of the leading UK piano maker Kemble & Co. Family-owned for most of the century, Kemble now builds upright pianos, under its own brand name, for Yamaha, and for several foreign and domestic suppliers including John Broadwood & Sons, Chappell of Bond Street, Jorgenson of Denmark and Dietmann of West Germany.

Factory-floor revisions brought by Yamaha into Kemble's Milton Keynes plant have sharply increased production, according to Andrew Kemble, grandson of the company founder and joint managing director of Yamaha Kemble Music (UK), a distribution company 85 per cent owned by Yamaha.

In one example, Yamaha suggested installing simple roller conveyor belts for moving heavy cast iron piano frames around, rather than having two men carry them, says Kemble. As a result of this and other changes, the company expects to boost annual production by nearly a third to some 5,000 pianos—half the UK market—without additional staff, he says.

The Yamaha relationship also helped shield Kemble from a flat home market in conventional pianos because participation in the joint distribution company moved Kemble into the booming market for electronic instruments, such as portable keyboards, digital pianos, synthesisers, and music computers.

Biological bond between Cambridge and Hungary

BY PAUL PIVCEVIC

CAMBRIDGE Life Sciences, the small UK biotechnology company, will be signing a joint venture agreement later this month which will give it access to the cream of Hungary's biological research. CLS, which is based at the Cambridge Science Park and has annual sales of around £1m, has already taken on board two Hungarian research projects seen as having major commercial potential.

The agreement is with the Hungarian company, Vepex, which is owned by the Hungarian Academy of Sciences and two state banks. The two research projects involve a simple blood test to detect the presence of parasitic worms in humans and animals, while the second is an advanced method of extracting and purifying gamma linolenic acid, a potent pharmacological agent used in the treatment of pre-menstural tension, certain eczemas and rheumatoid arthritis.

CLS and Vepex each have a half share in a new company, Biotechnology International, through which CLS will have exclusive marketing rights to the fruits of up to 90 per cent of the research work in the six institutes under the aegis of the Hungarian Academy of Sciences.

In return, Vepex has access to the complete range of CLS diagnostic products, veterinary and clinical, for marketing in Comecon and Third World markets. And through an existing CLS subsidiary, Cambio, the Hungarians will be able to buy biological reagents to further research. Vepex will also receive regular market research analyses designed to direct research programmes towards needs in Western and Third World markets.

"It has taken over a year to get to this stage," says Mr Bill McCrae, managing director of CLS. "After several visits we were satisfied as to the quality of the Hungarian research, but concluded that it required a more focussed approach towards products for developed markets."

With the worm tester, the final immuno-assay system will not only reveal infection, but also test for efficiency of the treatment. UK farmers spend £4m a year on worming their animals, of which half may be wasted because there is currently no efficiency test. Parasitic worm infection in humans is endemic in the Third World, and a major cause of death. CLS hopes to have the diagnostic system, Wormex, on the market next year.

Two of the Hungarian research projects are seen as having major commercial potential

The potential of the gamma linolenic acid (GLA) project is indicated by the fact that of the current annual demand for the acid, less than 10 per cent is yielded by extraction from the oil of evening primrose seed. The new method developed will increase extraction several fold. Efamol is the only GLA product derived from natural sources and already has a worldwide market of over £10m.

This latest move by CLS is a further extension of its philosophy of development through joint research projects. Due in part to the success of its Ovucheck Cowside, the dairy cow pregnancy testing kit launched in 1985 (the total UK market is worth some £4m to £5m) and developed with the Shinfield Cattle Breeding Centre, CLS signed an exclusive agreement with Britain's Ministry of Agriculture, Fisheries and Food in June 1986.

A five-year contract gives the company first refusal on any potential products arising from diagnostic research into infectious diseases and fertility going on at the Central Veterinary Laboratory, which advises the European Community and the World Health Organisation on livestock diseases.

CLS also has clinical research contracts on a royalty basis with 14 British universities and institutions. "If I'm impressed, I will sign an agreement on the spot," comments Mr McCrae, who feels academics are becoming much more realistic and commercially minded.

The company's programme has not been entirely trouble-free. Eighteen months after it was set up, its first product, a bloodclot dispersing agent, Urokinase, was undercut by the Japanese. "We have survived *wholly on the goodwill* and understanding of our investors," says Mr McCrae. They comprise some 180 individuals and more than two dozen institutions. "Old-style venture capitalists would have taken a very dim view of our performance at that time."

Mr McCrae sees the joint venture as a "very appropriate" way to develop a relationship with a company in another country. "Unfortunately, lower level links such as distribution agreements may sometimes not work as well. The commitment embodied in joint venture research and development programmes can only enhance the quality of the venture for all concerned."

Projecting the advertiser's art

FOUR YEARS ago, the UK optical company Scientifica-Cook attracted attention with Laser-Spec, an instrument which allowed people to test their own eyes by looking at a pattern on a screen.

Now the company has developed a £535 holographic unit for use in advertising. Called Roto-Message, the unit projects into the space in front of it a series of four messages. With the unit in a shop window, a message appears to hover out beyond the shop front to some point over the pavement. It then disappears, to be replaced by the next message.

WORTH WATCHING

Edited by Geoffrey Charlish

Views of European machine vision

THE EUROPEAN scene in machine vision is covered in a book from the Society of Manufacturing Engineers (SME) of Dearborn, in the US.

"Report: Machine Vision Activity in Europe" details the research of three US experts who moved around the UK and the rest of Western Europe. It presents examples of specific artificial vision developments and applications from 14 users and suppliers.

Beam to perfect prototype chips

A NEW means of searching for faults in "chips" that are proving unsatisfactory at the prototype stage has been developed by Sentry Schlumberger, the Dorset, UK test equipment company.

In semiconductor companies, problems can arise from faulty original design, from a layout design error or from a manufacturing difficulty. To date, engineers have used micro-probing, but this entails preparation of the chip and in any case, as the dimensions of the patterns on the chip get smaller and smaller, probes are proving unsatisfactory.

The new IDS5000 from Sentry uses an electron beam instead of probes. In a vacuum chamber, the beam is made to scan the chip, causing secondary electrons to be emitted from its surfaces with an energy which depends on the voltage present at that point. The secondary electrons are collected and form a signal which is used to modulate a TV scan, and so give a voltage "map" of the surface of the chip. The chip is left unaffected both electrically and mechanically.

By combining the voltage map with computer aided design and engineering information already held in system, engineers can get rid of the "bugs" in the prototype chips much more quickly, thus sharply reducing development times.

CONTACTS: Sentry Schlumberger: UK, 0202 897097. Scientifica Cook: London, 992 0288. The SME: US, (303) 271 1500.

UK COMPANY NEWS

Write-offs leave Lilley £50m in loss

BY TERRY POVEY

TRADING LOSSES plus massive provisions on overseas construction contracts have pushed FJC Lilley sharply into the red.

Pre-tax losses of £50.4m for the year to January were more than twice as bad as City expectations and compared with a profit of £9.5m reported for 1985-86.

Mr Lewis Robertson, who became chairman on December 11 and now heads an almost totally changed senior management team, said yesterday that his predecessors' expectation that the second half would be profitable "was not borne out in the event, partly because difficulties existing at the half year or earlier were not fully recognised nor, therefore, covered in the provisions then made."

In the last six months Lilley has appointed a new chief executive, Mr Joe Barber, a new finance director, Mr Jim Armstrong, and a new head for its troubled US operations, Mr Bernard Doyle.

The company is also changing its auditors, has appointed new stockbrokers and financial public relations consultants.

Asked whether any action was planned against former executives or auditors, Mr Robertson said: "It is not our intention to take any action although we have obviously considered this."

As the current management team's emphasis was on getting borrowings down and restoring dividend payments, a lengthy re-examination of past accounts and management decisions would be a time consuming diversion, he added.

Turnover for 1986-87 was £331m (£357m) of which £106m was in North America.

An operating loss of £7.38m (profit £11.37m) breaks down into a profit of £3.£1m (£4.94m) from UK construction, a loss of £1.49m (loss £134,000) from international construction and a loss of £12.03m (profit of £4.54m) from the US and Canadian operations.

Discontinued activities contributed a profit of £2.21m (£2.51m) in the year.

After net interest paid of £3.34m (£1.83m) a loss before exceptional items of £10.72m (profit of £9.54m) was reported.

In the US, a £24.6m exceptional write-off was made due to "grave problems" arising from "deficiencies of information and of control" on contracts.

In Algeria, Lilley has chosen to pay for the termination of a contract rather than risk the large cash drain that continuing it would have required—and an £11m exceptional write-off has resulted.

A further £3.04m exceptional charge was posted for bad debts and £1.09m for bank refinancing costs — bringing the total exceptional charge to £39.73m.

After a tax credit of £8.16m (charge £3.21m), minorities of £1m (£131,000) and an extraordinary charge of £3.86m, the attributable loss was £45.11m (profit of £6.19m).

Loss per share was 51.5p (earnings of 7.73p). No dividend is being paid — shareholders received a 3.82p total the previous year.

The impact of the retained loss is to wipe out Lilley's reserves, leaving shareholders' funds at £18.47m (£59.16m) or 28p a share — the par value is 25p.

Through asset sales, Lilley has reduced debt from the 1986 peak level of £57m to £32m as of May 1.

• comment

In December Mr Robertson promised the banks that this year Lilley's debt will be cut to £29m. This is now surely a conservative figure and if all goes well (and it may not on timing grounds alone) debt could be as little as £10m and gearing on the starvation-thin shareholders funds a respectable 50 per cent. Manoeuvring around the parent company balance sheet, even Lilley's application for leave to distribute the £14.8m in the share premium account, has produced a January 1987 distributable reserves deficit of about £1.5m. But at least so long as 1987-88 earnings exceed £3m—suggesting pre-tax profits of about £4½m on a standard charge—a 1p dividend would be payable and suitable cover established. The brave few who bought Lilley's shares when they were below 30p will be very happy with the current 48p. However, the vast majority of shareholders, former directors included, who bought in at 65p plus when the shares were widely tipped as a recovery stock may have a longish wait before earnings reach the level that would sustain such a price on the sector's average prospective p/e of 11.

Lewis Robertson, the chairman of F. J. C. Lilley

Pineapple buys Regent Leathergoods for £2m

Pineapple Group, the USM-traded dance studio and marketing group, is to pay up to £2.03m for Regent Leathergoods in its fourth acquisition in the promotional sector since the purchase of Golden Key Promotions in November 1986.

An initial cash consideration of £500,000 will be followed by a payment of £1.53m in cash or shares if Regent achieves its £936,000 pre-tax profit target in the 27 months to July 31, 1989. Further payments of up to £1.24m may be paid on pre-tax profits.

Wallsall-based Regent made pre-tax profits of £186,000 in the year to October 31, 1986. Net tangible assets amounted to about £201,000.

Mr Peter Bain, deputy chairman of Pineapple, said the board was actively considering further opportunities in the marketing services sector.

The group announced two new appointments to its board —Mr Michael Crompton, 33, chairman of Golden Key, and Mr Martin Reuben, 43, joint managing director and co-founder of Premium Pen, which Pineapple acquired in February.

COMPANY NEWS IN BRIEF

DELTA GROUP'S financial year had started well and there had been improved demand in the UK for its profits, the chairman, Mr Geoffrey Wilson, told the annual meeting. He said first quarter profits were up on the same period last year. In its last financial year, Delta increased its pre-tax profits by 14 per cent to £57.8m on turnover of £534m. Since its year end, the group has completed three acquisitions in support of its growth plans.

DRAYTON CONSOLIDATED TRUST: Interim dividend 3p (2.75p) for six months ended March 31 1987. Net asset value per 25p ordinary 578½p (459p). Total revenue £2.78m (£2.46m) and pre-tax profit £2.35m (£2.1m). Tax £718,000 (£814,000) leaving earnings per share of 4.67p (4.27p).

AMBROSE INVESTMENT TRUST. Net asset value per income share fell from 31.28p to 30.21p at year-end to March 31, while the value per capital share rose from 494.73p to 615.45p. Earnings per share were 10.5p (9.84p). A final dividend of 8.03p (6.93p) makes 11.58p (9.75p) for the year.

QUARTO GROUP, a USM book package publisher, has entered into a conditional agreement to acquire the share capital of Western Signcraft, silkscreen print of sale company, for a maximum consideration of £525,000. In the year to November 30 1986, Western made pre-tax profits of £34,000 after deducting directors' pensions of £70,000.

WESTWOOD DAWES has acquired Hugh J. O'Neill of Canada. Westwood Dawes proposes a rights issue of 2,855,000 new ordinary shares at 20p per share to finance the proposed capital investment. The rights issue is being underwritten by Manchester Exchange Trust, who also advised Westwood Dawes. The company will change its name to Mining and Allied Supplies. Hugh J. O'Neill was wholly owned by Mining & Allied Investments of Jersey.

CITY OF OXFORD Investment Trust: Final dividend of 1.15p (1.1p), making a total of 1.75p (1.6p). Total revenue for year to March 31 1987 was £647,308 (£574,806) and pre-tax profit £506,338 (£78,777). Tax took £147,298 (£147,178), leaving net earnings of 1.76p (1.61p) per share.

UK COMPANY NEWS

GEC in £16m software purchase

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

The General Electric Company, the UK's largest electrical group, is acquiring Micro Scope, an electronics company floated on the Stock Exchange only two years ago, in an agreed £16m bid which will strengthen its position in the software industry.

The takeover follows two other recent expansionary moves at GEC, which is currently showing signs of a more aggressive growth policy in response to investor criticism.

The company injected its Picker International medical diagnostic equipment division into the corresponding activities of Philips of the Netherlands last month, and acquired 31 per cent of the Netherlands-based Berkel weighing machine group only a few days ago.

Both Micro Scope and GEC's computer division are specialists in videotext products, the interactive electronic information system which enables users to access information and execute transactions through the telephone system and modified television sets.

Videotext is a small but expanding part of the information technology industry, and the two British companies have established a leading position in the world market, mainly in competition with the French.
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GEC said yesterday that the deal would give the combined group additional market strength over the long term by bringing together its own expertise in computers, switching systems and software for public telephone utilities with Micro Scope's knowledge of the private market.

Mr Chris Sealy, Micro Scope's managing director, said his company expected to gain significant sales both by using GEC's overseas distribution network and through selling more products internally to the GEC group.

Terms of the deal are 150p cash for each Micro Scope share, a premium of approximately 61 per cent to the closing price of 93p on Friday, and comparing with an original flotation price of 120p in June 1985.

This values the 61 per cent shareholding of the four directors in Micro Scope at about £9.8m. All the directors have accepted the offer, and will stay with the company.

Circaprint surges 72% to £0.6m at six months

MR BERNARD STROUD, chairman of Circaprint Holdings, yesterday revealed that the company had earned more profit in the opening half of the current year than it had achieved for the whole of 1985-86.

He said the results reflected the benefits of the substantial capital investment programme undertaken in 1986 to improve profitability at all factories.

For the period to February 28 1987 the USM-quoted maker of printed circuit boards raised its turnover to £5.53m (£3.95m) and its profits before tax to £632,000 (£367,000) — improvements of 40 per cent and 72 per cent respectively. In 1985-86 profits slipped to £627,000.

The chairman said order intake was running in line with targets set and that second half results should be very comparable with the first half.

Tax for the first half took £221,000 (£139,000) to leave net profits at £411,000 compared with £228,000 previously.

Earnings amounted to 7.8p (4.3p)—the company does not pay interim dividends.

Mr Stroud pointed out that the increase in turnover should be seen against a market which remains fiercely competitive.

Dobson Park in $13m acquisition in US

Dobson Park Industries, Lancashire-based mining and engineering group, has added to its growing interest in industrial electronics with the purchase of the Revere Corporation of the US for $12.7m (£7.62m) in cash from Allied-Signal Inc.

Revere is a manufacturer of electronic products, including load and temperature transducers, fluid sensors and specialist cable assemblies.

The acquisition will complement Dobson's purchase earlier this year of IRD Mechanalysis for $24.25m. Both companies use similar product technology in the manufacture of industrial instrumentation.

Mr Alan Kaye, Dobson's chief executive, said yesterday that the purchase of Revere marked a further significant step in implementing the company's strategy of broadening its base to balance its mining equipment business.

"We are pleased that we have been able to acquire Revere so soon after forming our industrial electronics division with the purchase of IRD Mechanalysis in January," he said.

Revere, with its US headquarters in Wallingford, Connecticut, and its European base at Breda, Holland, employs about 400 people. In the year to December it earned pre-tax profits of $2.3m on a turnover of around $28m.

BRITISH INVESTMENT TRUST: Net asset value 687p (565p) and final dividend 9.8p (8.6p), making 17p for year to March 31, compared with 15.2p. Net revenue £10.78m (£9.58m). Earnings 17.27p (15.27p).

Milford Docks in reverse takeover

By Clay Harris

Milford Docks Company, the troubled Welsh harbour and hotels operator, has agreed in principle to a reverse takeover by Seacon, a private cargo handler and shipping group based in London's docklands.

The takeover will take the form of an issue of new Milford shares to Seacon shareholders, who will hold a substantial majority of the combined company. Seacon is already the single largest shareholder with an 18.75 per cent stake.

Milford, the oldest public company in Wales, has had a turbulent recent history, marked by boardroom battles and a procession of suitors bearing plans for restructuring the company and exploiting its property assets around Milford Haven in south-west Wales.

With a market value of £2.2m when shares were suspended at 71p in February, Milford was just the right size to tempt a number of private companies looking for a listed vehicle.

Seacon, however, will bring expertise in Milford's traditional activities of harbour operation and shipping services. It operates 20 specialist coasters which are capable of inland navigation. Much of its business is centred on the Rhine.

It also owns Britain's only covered terminal on the Isle of Dogs from which it distributes steel products throughout the UK.

Seacon achieves annual profits of about £2m on turnover approaching £20m, according to Mr Ian Hay, Seacon managing director and joint chief executive of Milford.

Milford, however, has not achieved a profit this decade. Mr Hay said yesterday that Seacon had built up its initial stake as an investment, but that Milford directors had prevailed on him, initially to assume an executive role and now to reverse Seacon into the company.

Mr John Gooding, a chartered surveyor and Milford's other joint chief executive, yesterday praised the role of Mr Roger Shashoua, director of ICE Group, the exhibitions promoter, in giving the company breathing space.

Mr Shashoua earlier this year bought the company's outstanding debt from Standard Chartered Bank, now amounting to £2.4m, relieving the immediate pressure on Milford.

Although he resigned in February after three months as a Milford director, Mr Shashoua continues to hold a 2.55 per cent stake.

Bernard Matthews warns on profits

First half profits at Bernard Matthews would be affected by disruption caused by the bad weather in January, the chairman warned at the annual meeting.

Mr Bernard Matthews said although profits for the first half would be lower than in 1985, the outlook for the second half was encouraging.

The company has begun distribution of a range of petfood under the brand name of Top Class.

UK COMPANY NEWS

Encouraging outlook for Diploma

Diploma, manufacturer of electronic components, increased its profits to £6.27m pretax for the six months to March 31 1987, an improvement of £680,000 over last time's depressed £5.59m.

The directors said yesterday that they entered the second half with confidence obtained from favourable sector influences, supported by good bookings and billings during the opening weeks of the period.

First half turnover pushed ahead from £44.73m to £50.99m. Prifits included a share of related company losses amounting to £107,000 against previous profits of £176,000.

Tax took £2.36m (£2.17m) and minorities £196,000 (£207,000).

Earnings worked through 0.6p higher at 6.6p per 5p share from which the interim dividend is being lifted from 1.25p to 1.5p.

The directors said that the Macro division appeared to have further enhanced its market share and added that the Anzac offshoot finished the half year with good bookings for its Japanese memory devices.

The Access side increased its market share most through the faster growth in the Amex and Accent subsidiaries. Second quarter booking provided a good order book scheduled over the remainder of the year.

Nortronic and DTV performed well, but more steadily. Both operations continued to show encouraging prospects for the second half.

Diploma is launching the Alternative Catalogue Company in June: it will emphasise leading-edge technology but also carry commodity semi-conductors and passives. The directors were anticipating a long, slow build-up of users before achieving profitability.

They said initial costs were high and collectively, the negative contribution for the past half-year had been significant and would remain high for at least the next six months.

In the second half of the previous year the group lost further ground after the first half fall and for the 12 months as a whole saw its pre-tax profits fall by £3m to £12.5m.

● comment

Diploma, as the UK market leader in the distribution of active electronic components, has seen its share price move up (and down) very sharply as the City has shifted its perception of the outlook for this uncertain market. In the autumn, when Henry Whitham £600,000 pre-tax against £1.1m in the same period last year) fell out of bed along with the oil market, the bad news seemed overwhelming and the shares touched 160p, falling from a spring peak of 388p. However, the building services activities stepped into the breach (a £2.4m contribution this time against £1.2m previously) and now the component side has sprung back to life (£3.3m againts £2.8m) with a volume gain of a third more than offsetting a 15 per cent fall in prices. On forecasts of £15m, the shares at 277p are on a prospective p/e of 16½ which looks right for a "sell in to strength" strategy given that building has probably hit the top of its growth curve, oil is poor but stable and components could go either way from here.

Healthy asset growth at Percy Bilton

INVESTMENT income and net asset value growth at Percy Bilton, property developer, were in a healthy state, the directors said yesterday when presenting figures for 1986.

Profits on trading and investment amounted to £15.18m (£14.23m) and pre-tax profits improved from £10.65m to £11.47m. Group turnover was down, however, from £30.56m to £26.07m.

The estimated net asset value per 25p share was 335p at the year end, compared with 298p at the end of 1985, and stated earnings per share were fractionally lower at 20.1p against 20.3p.

The final dividend is raised from 7.98p to 8.74p for an increased total of 12.94p (11.98p).

● comment

The market will have to wait until Percy Bilton's report and accounts come out before it discovers where the profits came from. Suffice to say for now that the overall result contained no surprises and left the shares barely changed at 334p. The reduced turnover suggests a hiccup in civil engineering, construction or housebuilding, but is probably explained by the uneven flow of completions. On the property side, the company's south-eastern orientation has enabled it to benefit from the new-found buoyancy of the industrial market. The only properties revalued during the year were those newly acquired or which had a change of tenure, so the shares must be looking at a considerable discount to their real net asset value as well as the prospective 1987 figure. That is unusual for a sector in which parity or a premium to NAV is becoming the norm. With the high yield compensating for the lacklustre record, and the bid speculation still buoyed by Clayform's 3.5 per cent stake, Bilton's shares might begin to look attractive if the report contains no nasties.

Rising trend shown by UTC companies

BY CLAY HARRIS

United Trust & Credit, financial services heart of the new UTC Group, yesterday reported a 58 per cent increase in pr-etax profits to £1.2m from £762,000 in 1985.

Somportex Holdings, the Slush Puppie crushed-iced drinks company and vehicle for the reverse takeover which created the combined group, achieved £267,000 pre-tax last year after a loss of £118,000 in the final eight months of 1985.

UTC Group's two constituents reported 1986 results separately because the merger was not completed until February.

Using merger accounting, UTC said that pro-forma pretax profits of the combined group would have been £1.47m in 1986.

Combined turnover fell from £15.9m to £14.2m. This reflected United Trust's shift in September from a licensed dealer acting as principal to an agency broker, as well as Comportex's sale of its confectionery division in 1985.

The improvement in margins at United Trust reflected the growing role of its corporate finance activities. An active issuing house, especially for companies coming to the Unlisted Security Market or raising capital under the Business Expansion Scheme, it obliges its clients to retain its services for at least five years.

No further dividends are proposed in addition to the two interims totalling 14p already paid to United Trust shareholders before the merger. UTC shares added 3p to 296p on the USM.

United Friendly hits £11m

United Friendly Insurance, underwriter of main classes of insurance, except marine and motor business in the UK, increased its 1986 profits from £9.6m to £11.2m pre-tax.

Earnings improved by 8.9p to 45p per 10p share and a final dividend of 14.9p (12.1p) raises the total from 17.2p to 21p.

Investment income for the year rose by £1.4m to £4.6m. There was a transfer from the investments reserve of £1m (£1.4m) and a transfer from revenue accounts general business of £1.7m (£1.8m).

The life side saw industrial profits rise from £2.5m to £3m and ordinary profits edge ahead from £0.7m to £0.9m.

Tax accounted for £3.9m (£4.4m) and there was a provision this time of £0.3m, after tax, for the employee profit-sharing scheme.

CHUBB CORPORATION, a US insurance company, has increased its stake in Sun Alliance, to just over 5 per cent. Sun Alliance holds a reciprocal stake of 9.8 per cent, and the move is not expected to have any hostile overtones.

BOARD MEETINGS

TODAY

Interims: Western Selection.

Finals: Barton Group, British and American Film, European Ferries, G. T. Management, Hunting Associated Industries, Kingsleigh and Forrester, P. & W. Maclellan, Ramco Oil Services, Walter Runciman, Sears, Style.

FUTURE DATES

Interims:

Associated Paper Industries	May 14
Grand Central Investmens	May 18
Johnson and Firth Brown	June 10
London and Clydesside	June 15
Morceau	May 29
Thornton (G. W.)	May 19
Finals:	
Boulton (William)	May 13
British and Commonwealth	May 14
Cakebread Robey	May 19
Exco International	May 14
Locker (Thomas)	June 9
Parkland Textile	May 20
Piccadily Radio	May 26
Ratners (Jewellers)	May 13
Toshiba Corporation	May 21
Yorklyde	May 15

Lorlin rises 17% to £1m

Lorlin Electronics reported pre-tax profits up by 17 per cent from £928,000 to £1.09m for 1986. And the directors said that the indications for the present year were very encouraging with orders continuing to grow and production increasing.

Turnover at £5.11m (£4.42m) was lower than had been hoped because it had taken longer than expected to increase production substantially. Earnings per 20p share for this USM-quoted company came out at 13.79p (11.39p) and the directors are proposing a final payment of 2p (1.5p) to make a total of 3p (2.5p).

Catalyst profit trebles

Catalyst Communications, Finnish marketing services and publishing group which joined the Third Market in January, trebled its pre-tax profits to £439,244 for the 15 months to December 31 1986.

Turnover rose from £3.46m for the 15 months to September 30 1985, to £5.08m, and earnings per share was 2.4p higher at 3.7p.

In November 1986, Catalyst bought the industrial electronics division of Nokia, Finland's largest privately held company, for an undisclosed price. In March this year it acquired Peter Miles and Partners for an initial consideration of £900,000 and a profit-linked payment of up to £1m.

Further acquisitions were actively under review, said the directors. The group continued to trade satisfactorily, and the board believed results for 1987 would show continuing progress.

Tax took £169,240 (£46,208) and there was an extraordinary credit of £124,493, compared with a debit last time of £63,334.

No dividend will be paid, but the dividend policy remained under review, said the directors.

UK COMPANY NEWS

UEI profits boost 30% to £17m as forecast

IMPROVED trading performance in all its principal businesses gave UEI, the fast-growing electronics and engineering group, a 30 per cent boost in pre-tax profits to £17.03m, as forecast in April.

Last month UEI announced its agreed £27.4m offer for Miles 33, the computer graphics company, and estimated its own profits at £17m on turnover up 20 per cent to £115m, the figure actually achieved.

Earnings per share rose by 31 per cent from 14.5p to 19p, and the recommended final dividend is 3.8p (3.5p), making 5.9p (5.5p) for the year to January 31.

Quantel, SSL, Link Analytical and Cosworth had all made excellent progress, said the directors.

Steady growth in profits over the past three years had been maintained alongside increased development expenditure of £7.25m, they said. International business had increased significantly and accounted for 65 per cent of sales.

The group had entered the early months of 1987 with full order books, and the opportunity for continued progress.

Operational profits rose from £15.61m to £18.74m, and net interest payments were lower at £1.71m (£2.56m). Tax took £6.56m (£5.51m) and minority interests dropped from £141,000 to £110,000.

An extraordinary debit of £1.7m (£570,000) consisted of £127,000 profit on the sale of a subsidiary company and divisions, and closure costs of £1.82m.

● **comment**

UEI had already outlined these results at the time of the Miles 33 purchase so the share price stayed at 395p yesterday. Despite the brief flirtation with Oxford Instruments, when the claims for synergy were at best dubious, the add-on benefits of both SSL and Miles are self-evident, with the latter growing at more than 50 per cent a year and the former adding £1.2m in just 3½ months. This adds to the impression that the company's strategy is becoming more clearly defined, with some of the less exciting subsidiaries being sold. Even Cosworth, car engine manufacturer, once regarded as a bit of a chairman's eccentricity, is now firing on all cylinders. Assuming £25m as a reasonable pre-tax profits target this year, the shares sit on a prospective p/e of 17 which compares quite well with other companies in the sector like the recently-floated Cambridge Instruments.

Brewmaker profits plunge to break-even

THE directors of *Brewmaker*, manufacturer of supplies for home-brewing, have launched a vigorous programme of cost reductions including redundancies and the disposal of under-utilised premises in the face of a substantial drop in pre-tax profits from £519,238 to £2,859 in the year to January 31 1987. Turnover fell from £7.93m to £6.98m.

They declined to recommend a final dividend (0.5p) leaving the total for the year at 0.3p compared with 0.8p last time.

Exceptional charges of £118,267 (nil) consisted of the amount written off on the sale of leasehold property and redundancy costs.

The directors reported that Brewmaker, which is quoted on the USM, had made substantial investments over the past two years in plant, premises, equipment, people and the development of new products in order to take advantage of an anticipated recovery in its market.

However, this recovery had not materialised and the company had been faced instead with a significant downturn — particularly in the multiple section of the market.

Fundinvest rise

Fundinvest produced a 28 per cent improvement to 615.8p in its net asset value per capital share over the six months to March 31.

Net revenue after tax of £173,000 (£144,000) was £410,000 compared with £328,000 for the equivalent period last year. The interim dividend rose from 2.673p to 3.41p per income share.

SHARE STAKES

Changes in company share stakes announced over the past week include:

Matthew Hall—Director Mr Howard Hicks disposed of 788,473 ordinaries from his own holding and his wife Anne Maureen Hicks disposed of 458,572 ordinaries. Thus 1,247,045 ordinaries from the beneficial holding of Howard A. Hicks were disposed of.

Derek Bryant Group—Harvard Securities reduced its ordinary holding from 7.86 per cent to 1.5 per cent; Jericho Capital Corporation of the US has acquired 165,000 ordinary.

Forminster—Director H. Bronstein disposed of 100,000 ordinary (3.1 per cent). His total holding, as altered, is 550,000 shares (17.22 per cent).

Alexandra Workwear—Disposals of ordinary shares by directors: J. E. Drinkwater 28,264 (0.26 per cent); J. M. Prior 21,803 (0.2 per cent), he now holds 340,000 (3.1 per cent); P. J. Davies 41,367 (0.37 per cent), he now holds 511,980 (4.62 per cent); and Mrs P. M. Davis 25,840 (0.23 per cent), she now holds 320,000 (2.89 per cent). Following recent sales the following directors holdings have been altered: R. C. Begg beneficial 9,000 (0.1 per cent), non beneficial 900,920 (8.1 per cent) and G. P. Davis beneficial 290,000 (2.6 per cent), non beneficial 574,720 (5.1 per cent).

Brown & Jackson—Polden Investments sold 1,550,000 ordinary, reducing its holdings from 6,410,000 to 4,860,000 (16.2 per cent).

Radio City (Sound of Merseyside)—Red Rose Radio acquired 272,538 "A" shares (12.38 per cent of that class).

W. A. Tyzack—D. S. Tyzack disposed of 25,000 ordinary. Total holding, as altered, 469,800 ordinary.

Laidlaw Thomson—Director R. S. Sterling sold 47,000 shares.

TMD Advertising ahead by 20.8% after six months

PRE-TAX profits at TMD Advertising Holdings increased by 20.8 per cent from £417,000 to £504,000 in the six months to February 28 1987. Mr David Reich, the chairman, said in his last annual report that he looked forward to another successful year, and the first half figures confirmed that this USM company was on course to achieve that objective.

Turnover increased by 14.3 per cent from £25m to £28.6m. Stated earnings per 5p share have grown from 4.8p to 5.7p, an improvement of 18.8 per cent.

Mr Reich said the group's proposed acquisition of 49 per cent of Horizons Media was progressing and should be completed shortly.

He said the group had gained its largest ever television account with its appointment to handle Abbey National Building Society's television media planning and buying.

Abbey National, together with new appointments by companies such as Gillette's Oral B Laboratories and Rumbelows for its Hometech Superstores, are expected to make a significant contribution.

After tax of £200,000 (£168,000), retained profits for the half were up from £249,000 to £304,000.

UK COMPANY NEWS

Rolls-Royce grey market price soars to 135p

By Richard Tomkins

Cleveland Securities, the licensed dealer, sharply increased its grey market price for shares in Rolls-Royce yesterday in response to the rise in the London stock market.

It was offering to buy the 85p partly-paid shares at 132p and sell at 135p, compared with 122p bid and 125p offered on Friday. Its latest bid price would represent a premium of 55 per cent on the offer price.

Cleveland is making an unofficial market in the state-owned aero-engine maker's shares in advance of the start to official stock market dealings on Wednesday next week.

It said it was experiencing strong interest from overseas buyers, particularly in Europe. The sellers were UK institutions, it said, and it was continuing to deal only with professionals.

Cleveland's quoted price surprised some stock market analysts yesterday. "I think there will be an awful lot of people switching out of Rolls-Royce and into British Aerospace if its shares do open at that level," said one.

Caradon to join SE valued at £100m

Caradon, the building products company, is planning to come to the stock market in June or July this year through an offer for sale likely to value it at about £100m.

The company is best known for its branded products such as Twyfords baths and toilets, Mira showers, Terrain plastic plumbing and Celuform PVC timber replacement systems.

It was formed through a management buy-out of its businesses from Reed International in 1985. The price then paid was £60m but this included a high level of borrowings, which the flotation will help reduce.

Caradon mainly serves the home repairs and improvements business. It made trading profits of over £15m in the year to March 1987 on turnover of £140m.

The flotation will be sponsored by S. G. Warburg with Cazenove as stockbroker.

Nikki Tait on the race to win control of Garnar Booth

French farce in the making

WHEN AN industry is rduced to three of four major players, alliances take an added meaning.

But the race to gain control of leather group, Garnar Booth, has been little short of French farce.

Yesterday, the £30m paper-only offer from fellow leather group, Pittard, stood within a whisker of success—with firm acceptances plus purchases representing 46.97 per cent of Garnar's shares.

However, rival bidder Hillsdown was still buying yesterday—and, even if it eventually accepted its 37.2 per cent Garnar stake would become over 15 per cent of the combined group if the merger goes through.

The irony is that almost three-quarters of the Pittard acceptances come from shareholders who gave early backing to its initial recommended terms and are barred by Takeover Panel rules from withdrawing until May 22.

They even include the 4 per cent held by Garnar directors—who have since switched horses and recommended the rival Hillsdown bid instead.

These shareholders have had no opportunity to consider the Hillsdown terms — which offer a revised 300p in paper against Pittard's (also revised) 304p but do, at least, tack on a 300p cash alternative.

There again, Hillsdown has no one to blame but itself. It talked to Garnar Booth during the £20m Strong & Fisher bid last autumn. The Garnar board was in contact again when Strong withdrew midway through a monopolies commission inquiry and Pittard expressed an interest.

But it was only 48 hours before the Pittard offer — with full Garnar board backing — was due to reach what had looked to be its first and only close, that the food group entered the fray

Last Friday, with Pittard edging towards its goal, Hillsdown then upped the bidding.

Garnar shareholders who have seen their company's price more than double since last August to the current 298p may not care too much.

The Pittard paper terms more than match Hillsdown's and the market is a ready route for anyone wanting cash.

Indeed, the wave of purchasing by both sides — over one quarter of the company's have been picked up by one or other bidder through the market — suggests that some investors cannot believe their luck.

Yet somewhere, underlying all the shenanigans, is an industrial argument. The leather industry's problems have always centred on its cyclicality, coupled with rising competition from developing countries.

In an effort to secure some stability, the more successful survivors have attempted to carve out higher-margin niches.

Strong & Fisher has headed for the clothing leather market. Pittard splits its sales into shoe upper leather 55 per cent, gloving leather 35 per cent and clothing 10 per cent. Its big stregnth, however, is waterproofable leather, where it is in the technological vanguard.

Garnar Booth, meanwhile, remains more diversified—spanning the entire leather process from hide markets and fellmongeries and producing a heap of finished products from chamois and clothing leather to "grain" which goes to the likes of handbags and upholstery.

Profits have alled—£8.2m, £4.7m, £2.5m and then £1.5m pre-tax in the year to end-January, 1987.

Hillsdown's interest is "vertical." The food-to-furniture group is a large abbatoir operator, already has four fellmongeries, yet takes in a growing furniture division which could welcome an increased supply of furniture leather.

That, though, has raised monopoly queries at the fellmongery stage. Garnar is a large player in the UK sheepskin market taking some 2.5m skins out of the 15m domestic kill last year.

Hillsdown's total involvement is not known but the group claims its own abbatoirs produce about 10 per cent of the UK kill of which less than half goes to its own fellmongeries.

With Pittard, the fit is more "horizontal" but every bit as good. Pittard's marketing is widely-respected and could probably squeeze a good bit more from Garnar's chamois business—10-12 per cent of the world market.

On the shoe leather side, Pittard is already the largest supplier to the UK shoe industry but says customers are happy for it to take on Garnar's extra business.

Its gloving leather is sourced from the Middle East, using tougher hair skins, and could not replace this by domestic sheepskins.

However, Garnar's sheepskin strength would give a more than useful boost to Pittard's clothing interests—which, according to one analyst, might go some way to explaining managing director Richard Strong's decision to sell his company's 16 per cent Garnar stake to Hillsdown.

That is speculation: what is undeniable is the hefty rise in Pittard shares — from 100p to 300p — during the past six months. The group has only recently been discovered by analysts, perhaps most ardently Capel-Cure Myers whose market-making arm has consistently offered the best quotes.

David Macdonald, chairman of Pittard Group

According to the CCM, the market had failed to realise the significance of Pittard's waterproofing techniques, which have already secured it over 50 per cent of the US golfing glove market and have extensive implications for the likes of suede, and even military boots.

Pittard beat everyone's estimates when it made £4.17m (rather than the £3.6m predicted) pre-tax in 1986. Now CCM have just lifted their forecast for the current year to £5.1m, putting the shares on a prospective p/e of under 12.

But views varied widely—Alexanders Laing & Cruickshank, for instance, is going for £4.5m.

Who proves correct, only time alone will tell. Yesterday, the real losers appeared to be the Garnar board, who appear to have backed the wrong horse at the last minute.

Still, John Pittard, group managing director, was yesterday stressing a co-operative approach. And who knows where the Hillsdown interest will eventually lead.

Pittard near success in battle for Garnar Booth

BY NIKKI TAIT

YEOVIL-BASED Pittard yesterday stood within a sight of success in its £30m bid battle for fellow leather group, Garnar Booth.

Hill Samuel, advisors to Pittards, announced that the company had either purchased or received acceptances from holders of 46.97 per cent of Garnar's shares. Moeover, one institution had also agreed to accept in respect of a further 1.26 per cent holding—but this is still subject to validation.

Undeterred, rival bidders Hillsdown remained in the market for Garnar shares yesterday and was believed to have made a small increase in its declared 37.2 per cent stake. Both sides have been actively canvassing the remaining institutional holders.

Yesterday, Mr Harry Solomon, chairman of Hillsdown, refused to be drawn on the company's plans for the stake should Pittard succeed. "Our attitude is that we've bought a lot of shares and are continuing to buy," was all he would say. "We are long-term investors."

The Garnar board which backed the increased Hillsdown bid last Friday—having previously recommended the earlier, lower Pittard terms— yesterday said it had done so on the understanding that Pittard would not revise its terms. Yesterday the board remained firmly behind the Hillsdown offer.

Mr J. Pittard, managing director of Pittard, said that he still "wanted to work with the Garnar board" and would approach the merger—assuming success—"as co-operatively as possible."

Garnar shares were unchanged at 29.8p.

Braithwaite losses reduced

BY MIKE SMITH

Braithwaite Group, the engineering company which has launched a £27m agreed takeover for heat equipment manufacturer Andrews Group, yesterday announced that pre-tax losses for last year were £248,000, against £1.02m in 1985-86.

Mr Andrew Fitton, managing director since January, said the results were unsatisfactory but the company had started initiatives to develop new products and cut working capital.

"These changes are expected to have considerable effect this year," he said.

The purchase of Andrews, which will increase the company's market capitalisation from about £11m to £39m, was the first stage in building up an industrial holding company with four main legs.

Braithwaite and Andrews would form the first two legs, the company was looking at companies in the security industry for a third, and a fourth had still to be decided.

In the year to March 31, Engineering Plastics recored reduced profit and new product opportunities were being sought. Profits at Braithwaite Plastics were also down but cash flow was good because of destocking and a better performance was expected this year.

Braithwaite Automatics performed to budget and another strong performance was also expected in the current 12 months.

The losses were made on sales of £8.18m (£9.97m). Loss per ordinary share was 9p (20.5p) and no dividend is being paid.

Braithwaite is to pay for the Andrews acquisition through the issue of 5.3m ordinary shares and 9.2m convertible prefernce shares. Most of these are to be offered to Braithwaite's existing shareholders.

Braithwaite shares were suspended at 405p of the company's request.

Martin Ford losses accelerate

BY SIMON HOLBERTON

Martin Ford, the clothing retailer which has undergone dramatic changes over the past year, incurred a pre-tax loss of £2.36m in the 14 months to January 31, compared with losses of £292,665 in 12 months to November 1985.

During the period control of the company changed hands, there was a major sale and selective lease-back of the company's property, the Martin Ford retailing name was changed to Stage, and the Michael Barrie menswear group was purchased for £1.1m.

According to yesterday's announcement the change of the company's stores to Stage and the costs associated with their eight-week closure totalled £2.17m. Other unspecified losses accounted for £134,000 and losses on continuing businesses amounted to £60,000.

In March the Stage group was sold for £5.9m. Today, Martin Ford consists of the Michael Barrie stores and the proceeds of the asset sales.

Mr Ronald Aitken, the chairman, said the company had about £8.7m, predominantly in cash.

"The group is in a healthy financial position and is now ready to deploy its resources in areas where the company believes the management of the group has skills to offer," he said.

Turnover for the period was £9.2m, compared with £6.5m, of which property and development subsidiary generated £1m. The sale and leaseback of properties produced an extraordinary gain of £4.4m.

Loss per share amounted to 14.21p, pre-extraordinaries.

Martin Ford's balance sheet date has been changed to January 31 which it says is more suitable for the retail industry.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div	Total for year	Total last year
Percy Bilton	8.74†	—	7.98	12.94	11.98
Lee Cooper	3.4	July 1	2.8	5	4.2
Diploma ....int.	1.5	July 1	1.25	—	5.25
FJC Lilley	nil	—	2.56	nil	3.82
JBI	3.8	—	3.5	5.9	5.5
United Friendly	14.9‡	June 20	12.1	21	17.2

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Freshbake in two deals

Freshbake Foods Group has acquired all the outstanding ordinary shares of Premier Vegetables, based in Cork, Republic of Ireland. Freshbake previously held 25 per cent of the equity (through Wold, which it acquired in January). Freshbake, which already sells extensively in Ireland, intends to integrate all its Irish activities and to expand its marketing afforts in that country.

In another deal Freshbake and Frigoscandia, a wholly-owned subsidiary of the AGA Group of Sweden, have formed a new joint company to be called FRIGoFRESH.

The new joint company will exclusively process vegetables for Freshbake, but Freshbake will retain responsibility for product quality and marketing. FRIGoFRESH will pay £12m in cash for the processing facilities.

COMMODITIES AND AGRICULTURE

'Accident prone' Comex takes another tumble

BY STEFAN WAGSTYL

VISITORS TO the Commodity Exchange, the New York futures market which deals in gold, silver, copper and aluminium, can rarely make sense of the frantic shouts and wild hand signals of the traders.

But in the last few days the exchange itself has had trouble trying to sort out the confusion in the trading pits. A sudden spurt in silver prices on April 27 brought an unprecedented surge in business which swamped the settlement rooms of the exchange and of some of its 70-odd clearing members.

Comex, as the exchange is generally known, has now cleared the backlog, and is to make changes to its procedures over the next few months to try to make sure the same difficulties do not recur. But it could take much longer for the exchange's reputation to recover.

In London and in New York, bullion banks trading bullion—bars and coins as opposed to paper futures contracts—reported an increase in investment interest. One trader said: "I do not know if any permanent damage has been done to Comex. But it has certainly tarnished its name."

The exchange fiercely denies that any harm has been done to its name. "People are saying that for their own self-interest. It is nonsense," says Dr Terry Martell, a Comex senior vice president.

Nevertheless, the affair could not have come at a worse time for Comex, possibly threatening a recovery in its fortunes. Trade in precious metals has picked up strongly since last summer after a prolonged period of low volumes. The price of a Comex seat has climbed from $65,000 in mid-1986 to an average of $120,000 recently.

Comex is one of four New York commodity exchanges sharing one trading floor which together fallen far behind their rivals in Chicago in the 1980s in developing financial futures contracts at a time when trade in commodity contracts has mostly been dull.

The Chicago Board of Trade, the world's largest futures exchange, has been asa quick to take advantage of Comex's latest misfortune. On Friday it announced plans for two new precious metals contracts—one for 1,000 ounces of gold and the other for 5,000 ounces of silver—identical to those traded on Comex. The CBOT, which already trades smaller gold and silver contracts, said "recent market conditions" had triggered a demand for larger-sized contracts.

Moreover, for the third time since 1980 Comex is under close scrutiny from the Commodity Futures Trading Commission, the US markets watchdog. The exchange was investigated after it suspended trading in silver in 1981, when the Texan billionaire Mr Nelson Bunker Hunt tried and failed to corner the market.

In 1985, the Commission tightened up the regulation of US futures markets generally following the Volume Investors affair on Comex, in which a clearing member of the exchange collapsed as a result of defaults by three gold options traders.

Comex argues that its latest difficulties have arisen from an unprecedented and unexpected swing in silver prices which soared by 40 per cent in a week to hit $11.25 an ounce before falling back sharply. It says it acted prudently in closing early for three days last week in order to allow time for sorting out the backlog.

However, officials at other US exchanges say that the ability to cope with extreme swings in prices is the test of a well-run futures market. The Chicago Board of Trade said it recently handled 1m trades in a day without a hiccough, compared with an average for the year so far of some 350,000. Comex, which has been dealing with a daily average about 85,000, was swamped by 236,000.

Comex is now considering how to improve what it concedes is a "time-consuming" system of recording trades, which is prone to operator errors.

Currently, a floor broker makes a written note of a trade and passes it to a clerk, who works for him. The clerk notes the trade on a brokerage sheet in a "writing-up room;" these sheets are normally handed to Comex staff who enter the details into the Comex computer.

Traders have responded half-heartedly to the exchange's efforts to improve things. Only five out of 70 Comex clearing members use an alternative computer-to-computer link with Comex.

Comex now plans to follow other US exchange and increase the direct responsibility of clearing members for reporting trades, reducing the role of the floor brokers. The exchange has also doubled its settlement staff to 60.

Other US futures markets have had their problems. In particular, the regulatory authorities were concerned—until trading rules were changed recently—about excessive price swings in financial futures at the quarterly "triple witching hour" when a host of stock market contracts expired simultaneously.

But some traders claim that Comex is accident-prone. The Commission says, politely, that Comex is little different from other exchanges in its regulatory record but adds that Comex's problems do have "a higher profile and visibility" than most.

Refco buys into London ring dealing

By David Owen in Chicago and Stefan Wagstyl in London

REFCO GROUP, the largest US futures commission merchant, is poised to become the latest US brokerage firm to join the London Metal Exchange as a ring dealer, following its agreement to buy the futures market activities of Lewis & Peat, excluding those in coffee and cocoa.

The privately-controlled UK company, in which the Guinness Peat financial group has a minority stake, says it is pulling out of futures broking in order to concentrate on trading physical commodities. Mr Robert Kissin, the chairman, said companies now needed very considerable capital to compete in the futures markets with large US commission houses.

The deal, signed late last week, is the latest in which a UK trading company has reduced its presence in the London futures markets and sold its operations to a large US group keen to increase its position in Europe.

However, Chicago-based Refco, which lays claim to a 20 per cent of world client futures market volume, says it is delaying a final decision on whether or not to take over the activities of Lewis & Peat's LME ring dealer, Wilson Smithett & Cope, until it sees how the LME copes with its planned transition to cleared trading on May 29.

Mr Tone Grant, Refco president, said "I suspect it would be reasonably likely that we will at the end of June take it over."

Refco says no staff will lose their jobs in the operations it buys. In a string of major brokerage house acquisitions in 1984 and 1985, the group laid off most of its quarries' workforces, citing the need to keep overheads to a minimum.

Tin futures decision postponed

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Commodities Exchange Board has postponed a decision to introduce tin futures until next month to allow more time to study certain operational aspects of the proposed contract.

The board which met last Friday, will meet again in the first week of June. Mr Syed Jabbar Shahabudin, the KLCE chief executive, said there were several operational areas which the board felt the tin committee should look into before tin futures were launched on the exchange later in the year.

Since the tin contract is the first in Malaysia to be expressed in US dollars, the exchange wants talks with the banks regarding clients who want to make settlements in Malaysian currency.

Mr Syed Jabbar said the Malaysian central bank has given its approval for the tin contract to use US dollars. The KLCE has also designated Penang and Singapore as delivery points, but has not yet appointed the warehouses in the two ports.

Meanwhile, Dr Lim Keng Yaik, the Malaysian Minister of Primary Industry, in his annual review of Malaysia's export commodities, is optimistic of better prices this year because of strong demand from industrialised countries.

Rubber prices should remain firm at current levels of 230 cents a kilo and supply is expected to be tight due to strong intake by the Soviet Union, China and South Korea.

Prices of palm oil and tin are also expected to remain at their current levels, which are a good 30 and 40 per cent higher than those obtained a year ago.

Timber prices have surged since the beginning of the year, due to strong demand and tight supply.

The only major Malaysian export commodity likely to face some price deterioration is cocoa, because of a growing world surplus. Malaysia is expected to export 120,000 tonnes of cocoa for 1987, making it the world's fourth biggest exporter.

Maple Leaf sales decline

BY STEFAN WAGSTYL

SALES OF the Canadian Maple Leaf gold coin fell by 20 per cent last year to 1.5m ounces in the face of intense competition in the US from the newly-launched American Eagle coin.

The Maple Leaf's share of the bullion coin market fell from 65 per cent in 1985 to under 40 per cent of a market totalling 3m to 4m ounces in 1986, Mr Murray Church, the Canadian Royal Mint's communications director said yesterday.

The Maple Leaf increased sales to Japan and Europe but sales to the US, previously the biggest market fell to "an almost insignificant" amount, said Mr Church.

Sales of the US Eagle, launched last year, totalled 1.787m ounces, as American buyers turned away from imported coins in droves.

The Maple Leaf results show how competitive the market for bullion coins has become ever since the demise of the South African Krugerrand in 1985 opened up the market to others. The UK is launching a new challenge in the market with a one-ounce coin called the Britannia. the Traditional sovereign is relatively less marketable because of its unorthodox weight of 0.2354 of an ounce.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ending last Friday)

	(tonnes)
Aluminium	−4,025 to 124,350
Copper	+1,600 to 146,450
Lead	−1,850 to 10,275
Nickel	−156 to 4,860
Tin	−65 to 29,210
Zinc	+1,425 to 32,375
	(ounces)
Silver	−156,000 to 21,802,000

Tighter UK fishing boat rules planned

By David Blackwell

THE GOVERNMENT plans to tighten the law on the registration of British fishing boats to curb fishing against UK quotas by foreign-owned vessels.

Mr Michael Jopling, the Agriculture Minister, said that under the changes any company wanting to register a British vessel would have to be largely owned and managed by British citizens resident in the UK.

"I am very much aware of the industry's concern about foreign interests making use of our present relatively liberal registration arrangements to enable their vessels to fish against UK quotas," he told the annual general meeting of the National Federation of Fishermen's Organisations in York.

Low prices 'may bring fresh oil crisis'

BY MAX WILKINSON IN PARIS

LAST YEAR's fall in oil prices gave a boost to the world's economy, but it has also increased the dangers of a future oil crisis.

This was the message given to the developed world's Energy Agency in a confidential staff paper.

The report's careful, diplomatic language avoided mention of any support for oil producers' efforts to hold the price of crude up to its present level of around $18 per barrel.

However, the analysis clearly showed that any slide below this level would create considerable dangers for the future supply of oil in the developed world.

And even if prices remain at around $20, the position of the Organisation of Petroleum Exporting Countries will strengthen fairly rapidly in the next 15 years.

The IEA's economists believe the oil price has about reached its peak for the time being. "Prices in excess of $20, if they could be achieved, would be under constant downward pressure until the considerable excess of productive capacity was redced in all but the Gulf producing countries."

Their paper suggests, however, that prices will tend to rise in the 1990s, as demand in the developed countries rises, and supplies of oil from outside the Gulf falls away.

For its analysis, the report assumed that crude prices would remain between $15 and $20 per barrel for the next four to six years (in 1986 prices) then rise to $25 to $35 per barrel by the year 2000.

Although it carefully avoids talking about another world oil crisis, the analysis clearly points this way, showing that demand for Opec crude might rise to 30m barrels per day by the end of the next decade. This would obviously allow the Opec cartel to fix a much higher price.

"Prices would rise when all or almost all of the excess production capacity outside the Gulf-producing region would be eliminated and, under foreseeable market conditions, this would occur when the call on Opec oil, including natural gas liquids, reached about 22m b/d."

It says that, even if crude prices had remained high (up to $30 per barrel), all production in the developed world was expected to fall. However, lower exploration expenditures, even for a few years, are likely to pull down production in the 24 richest countries by about 1m to 1.5m b/d, in addition to the 1.5m to 2.5m b/d slide, which had already been expected when prices were high.

Lower prices, it says, will also increase demand for oil. If prices had remained high, demand for oil would have been expected to rise at only about a half to three-quarters of 1 per cent per year over the next few years, rather than the 2 per cent per year now expected.

WORLD OIL SUPPLY AND DEMAND
(million barrels a day)

	1985	1990	2000
Consumption			
OECD	34	37-39	37-40
Non-OECD	12	13.14	16-18
Total	46	50-53	53-57
Supply			
OECD	17	16-17	14-15
Non-Opec less developed countries	8	10	12-13
Others	3	2.5- 3.2	0.9- 2.1
Call on Opec	17	23-24	26-30

Source: IEA

The report says higher demand, coupled with reduced production, will lead to increased dependence on imports. "It is projected that additional imports of 4m to 6m b/d will be required by the early 1990s, over 1985 levels rising to 6m to 8m b/d by the year 2000."

The Organisation for Economic Co-operation and Development countries will depend on imports for about 63 per cent of their oil, compared with only about 50 per cent now.

Even before the fall in oil prices, the OECD countries' efforts to find new oil fields had become progressively less successful. "New discoveries have declined, both in absolute terms and relative to production," says the report.

In addition, the cumulative discovery of new oil has been falling in relation to the number of exploration wells drilled. "Despite continuing technological improvements in exploration techniques, the current low prices will make it that much more difficult to reverse the decline in a new discovery and reserve additions."

LONDON MARKETS

PRICES FOR lead and zinc rose sharply on the London Metal Exchange yesterday, reflecting Cominco's declaration of force majeure for all products from its Kimberley/Trail mining complex, where 3,200 workers started a strike over wages at the weekend. The Trail smelter, about 400 miles east of Vancouver, produced 240,000 tonnes of zinc and 110,000 tonnes of lead last year. Lead, which rose £21 a tonne to £420 for cash metal, remains in tight supply, with stocks in LME warehouses falling for the 15th consecutive week to 10,275 tonens. Zinc's increase of £31 a tonne to £554.5 for cash metal, was also spurred by news of producer price rises from both the US and Europe. The state-owned Minero Peru also declared force majeure on shipments from its Caja Marquilla zinc smelter, which has technical problems and could be out of action for 45 days. Oil prices also rose, with the price of Brent crude for June delivery quoted 30 cents higher at $18.80 a barrel. The rise was fuelled by strong advances in oil products, and by generally bullish sentiment. On the International Petroleum Exchange, the price of gasoil was up by $3 to $157 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	862-4	+16	859/856
3 months	853-4	+10	859/846

Official closing (am): Cash 856-7 (845.5-6), three months 846-7 (843-4), settlement 457 (846). Final Kerb close: 856-6.5. Turnover: 24,800 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or −	High/Low
Cash	918-20	+11.5	920
3 months	893.5-4	+12	896/881

Official closing (am): Cash 920-20.5 (905.5-6.5), three months 888-9.5 (878-9), settlement 920.5 (905.5). Final Kerb close: 896-7.

Standard			
Cash	882-6	+19	—
3 months	870-4	+17	—

Official closing (am): Cash 870-5 (853-5), three months 860-5 (855-60), settlement 875 (855). US Producer prices 69-73 cents per pound. Total Turnover: 46,850 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	419-21	+21	433/426
3 months	371-2	+10.75	374.5/365

Official closing (am): Cash 441-2 (401-2), three months 373-4 (359-60), settlement 443 (402). Final Kerb close: 371-2. Turnover: 16,850 tonnes. US Spot: 24-33 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	2825-30	+52.5	—
3 months	2800-5	+65	2810/2760

Official closing (am): Cash 2,820-30 (2,805-15), three months 2,780-5 (2,765-70), settlement 2,830 (2,815). Final Kerb close: 2,800-05. Turnover: 1,914 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	554-5	+31	539/538
3 months	550-1	+30.25	563/525

Official closing (am): Cash 538-9 (513.5-4.5), three months 534-5 (512-2.5), settlement 539 (514.5). Final Kerb close: 551-2. Turnover: 30,300 tonnes. US Prime Western: 41-43.75 cents a pound.

TIN

KUALA LUMPUR TIN MARKET—Close: 16.67 (16.68) ringgit per kg. Down 0.01

GOLD

Gold fell $¾ to $454¼-454½ on the London bullion market yesterday. The metal touched at $453-453½ and was fixed at $454¾ in the morning and $453 in the afternoon. It touched a peak of $455¾-455¼ and a low of $452½-453.

GOLD BULLION (fine ounce)	May 11	
Close	$454¼-454¾	(£273½-274)
Opening	$453-453½	(£271-271½)
M'n'g fix	$454.75	(£271.951)
Aft'n'n fix	$453.00	(£272.072)

GOLD AND PLATINUM COINS		
Am Eagle	$467-472	(£281½-284¼)
Mapleleaf	$467½-470½	(£281¼-283¼)
Kr'g'rnd	$458-461	(£276-277¼)
½ Krug	$233-234	(£140½-141)
¼ Krug	$119-120	(£71¾-72¼)
Angel	$464-467	(£279¾-281½)
1/10 Angel	$45-50	(£27¼-30¼)
New Sov.	$106½-107½	(£64¼-63¾)
Old Sov.	$106½-108	(£64¼-65)
$ 20 Eagle	$500-550	(£301¼-331½)
Noble Plat	$624-634	(£375¾-380¼)

SILVER

Silver was fixed 9.85p an ounce higher for spot delivery in the London bullion market yesterday at 497.35p. US cent equivalents of the fixing levels were: Spot 829.5c, up 10.5c; three-month 844.25c, up 11c; six-month 858.95c, up 11.3c; and 12-month 888.1c, up 12.5c. The metal opened at 491-494p (821-826c) and closed at 504-508p (838-843c).

SILVER per troy oz	Bullion Fixing Price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	497.35p	+9.85	507.5p	+15
3 months	508.15p	+10.2	518.5p	+15
6 months	517.25p	+10.4	—	—
12 months	536.20p	+11.5	—	—

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb 517-20p.

COTTON

LIVERPOOL—Spot and shipment sales for the week commencing May 5 amounted to 3,163 tonnes (the largest weekly figure for many months) against 1,747 tonnes in the previous week. Intensive trading brought dealings in Colombian, Israeli, Pakistani, Chinese, American, West African and North Brazilian varieties.

INDICES

REUTERS

May 11	May 8	M'th ago	Year ago
1593.9	1583.6	1652.7	1790.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 8	May 7	M'th ago	Year ago
Spot	127.24	126.97	—	119.22
Fut	127.51	126.66	—	124.72

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	May 11 1987	+ or −	Month ago
METALS			
Aluminium			
Free Market	$1505/525	+35	$1429/440
Copper			
Cash Grade A	£919	+11.5	£914.25
3 months	£893.75	+11	£875.5
Gold Troy oz	$454.5	−0.75	$437.25
Lead Cash	£420	+21	£352.5
3 months	£371.75	+10.75	£316.75
Nickel			
Free Mkt.	214/234c		176/186c
Palladium oz	$147.00	+0.5	$135.40
Platinum oz	$612.00	+1.0	$564.00
Quicksilver†	$279/280	+15	$220/230
Silver troy oz.	497.35p	+9.85	424.00p
3 months	508.15p	+10.20	434.15p
Tin			
free Mkt.	£4145/165	+15	£4210/240
Tungsten	$46.93		$48.37
Wolfram 22.01b	$50/55		$50/55
Zinc	£554.5	+31	£455.5
3 months	£550.5	+30.25	£454.5
producers	$790/840		$790
OILS			
Coconut (Phil)	$415u	−2.5	$390
Palm Malayan	$337.5v		$342.5
Seeds			
Copra (Phil)	$270u		[illegible]
Soyabean (U.S.)	$148	+3	$139.5
GRAINS			
Barley Fut. Sept	£98.65	+0.05	£99.10
Maize	£146.50	+0.5	£143.25
Wheat Fut. July	£122.10	+0.80	£124.30
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. July	£1293.5	+7	£1310.5
Coffee Ft. July	£1349.5	+42	£1255.5
Cotton A Ind.*	74.30c	+1.35	65.30c
Gas Oil July	$156.25	+3.25	$139.5
Rubber (kilo)	61p	+0.5	60.5p
Sugar (raw)	$176.5u	+0.5	$174.5
Wooltops 64s	461p kilo	−4	471p kilo

‡ Unquoted. † Per 76-lb. flask. c Cents a pound. * Cotton outlook. w June-Aug. v July. u May-June.

COFFEE

Robustas gained a boost with reports of frosts over the weekend in extreme southern states of Brazil, reports Drexel Burnham Lambert. Despite coffee growing areas being unaffected the market was able to maintain levels in relatively light conditions, closing steady with sterling weakening in the afternoon.

COFFEE	Yesterday close	+ or −	Business Done
May	1320-1325	+59.5	1340-1300
July	1349-1350	+42.0	1350-1320
Sept	1366-1368	+34.5	1395-1345
Nov	1383-1387	+37.0	1385-1370
Jan	1397-1407	+33.0	1407-1391
Mar	1425-1427	+36.5	1425-1420
May	1440-1450	+35.0	—

Sales: 3,235 (1,311) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for May 8: Comp. daily 1979 107.58 (107.67); 15-day average 108.24 (108.38).

COCOA

Although failing to make the higher levels due at the opening, futures steadied later on currency movement and closed at the higher end of another dull day's trade, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or −	Business done
May	1266-1268	+5.5	1268-1258
July	1293-1294	+7.0	1297-1287
Sept	1309-1310	+7.0	1313-1303
Dec	1335-1336	+6.0	1338-1331
March	1361-1362	+7.0	1364-1356
May	1381-1382	+7.5	1384-1375
July	1401-1402	+7.0	1402-1395

Sales: 1,911 (1,729) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for May 11: 1,608.45 (1,601.33); 10-day average for May 12: 1,604.41 (1,606.30).

FREIGHT FUTURES

Gains of up to 35 points were registered on the opening and the highs were made during early trade. The BFI rose 12 points with physical news centreing around Gulf/Japan being negotiated at around $17, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	1095/1098	1095/1080	1049
Oct.	1090/1095	1105/1075	1070
Jan.	1100/1105	1100/1095	1070
Apr.	1070/1100	1070/1060	1000/1080
July	900/950	900	900
Oct.	—	—	850
Jan.	—	—	—
April	1070	—	1130
BFI.	1077	—	1075.5

Turnover: 1,277 (1,121).

GRAINS

Old crop wheat, after early support, eased on trade selling before rallying on renewed shipper and commission house support, closing on a firm note. New crops saw a negative trade with co-operative short-covering holding values steady, reports T. G. Roddick.

Mnth	WHEAT Yest'rdy's close	+ or −	BARLEY Yest'rdy's close	+ or −
May	120.60	+1.50	104.75	−1.05
July	122.10	+0.80	—	—
Sep.	101.55	+0.25	98.65	+0.05
Nov.	103.75	+0.15	101.15	+0.05
Jan.	106.35	+0.15	103.90	+0.05
Mar.	108.90	+0.10	105.97	+0.05
May	111.50	+0.10	107.55	−0.30

Business done—Wheat: May 120.80-19.20, July 122.10-1.25, Sept 101.50, Nov 103.60, Jan 106.25, March untraded, May 111.50-1.40. Sales: 225 lots of 100 tonnes. Barley: May 104.75, Sept untraded, Nov 101.15, Jan, March and May untraded. Sales: 5 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Hard Winter 13½ per cent: June/July 94.50, Aug 94.55. US No 2 Soft Red Winter: June 93.75, July 91.50, Aug 92.25. French 11½-12 per cent: May 143.00. English feed, fob: May/June 124.00 sellers, Sept 103.00-103.75, Oct/Dec 106.00-107.00, Jan/March 110.00-111.00 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: May 145.50. Barley: English feed, fob: May 112.00, Aug 101.75, Sept 103.50, Oct/Dec 106.50 sellers.

POTATOES

May again came under keen selling pressure, opening £6.00 down before trading out during its last hour in the £138-133 range to expire £136.00. The PMB average ex-farm price was approximately £115). There were 108 notices of intention to tender. New crops were £2-3 easier on profit-taking following a change in the weather forecast to cooler, showery conditions, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
May	136.00	141.00	138.00-133.00
Nov	90.50	92.80	91.00-90.50
Feb	100.00	103.50	—
Apr.	125.20	127.50	126.00-124.80
May	137.50	140.00	—

Sales: 1,268 (854) lots of 40 tonnes.

US MARKETS

TRADE, LOCAL and speculative buying steadier the precious metals before profit-taking took prices to the lows of the day, reports Drexel Burnham Lambert. Later, however, the gld, silver and platinum futures recovered on fresh buying and short-covering to close with pared gains. Copper futures continued its recent rally, closing on the highs after good commission house buying touched off stops. Good commercial buying, especially from Europe, steadied crude oil futures in the face of trade profit-taking. Commission house buying touched off stops to further steady prices as the trade adopted a less aggressive stance, selling on a scale-up basis. Trade and commission house buying steadied sugar futures. Speculative buying and trade short-covering in coffee futures firmed prices, touching off stops on the way. Cotton futures continued to rise on good commission house buying despite trade scale-up selling and fears that the market may be overbought.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	70.20	68.95	70.50	69.75
June	69.00	67.75	—	—
July	68.20	66.95	68.00	67.75
Sept	65.80	64.90	65.50	65.50
Dec	65.80	64.90	—	—
Jan	65.80	64.90	—	—
March	65.80	64.90	—	—
May	65.80	64.90	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
May	1971	1970	1972	1955
July	2000	2005	2002	1988
Sept	2028	2031	2029	2014
Dec	2060	2065	2060	2050
March	2083	2099	2082	2068
May	2123	2129	2115	2113
July	2150	2155	2158	2155

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
May	122.40	116.25	122.40	117.10
July	122.76	116.40	122.80	117.70
Sept	122.97	116.97	122.97	118.05
Dec	124.00	118.40	124.00	119.75
March	125.42	120.00	125.50	121.40
May	124.25	120.75	—	—
July	124.50	121.50	—	—
Sept	124.50	122.13	—	—

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
May	69.30	65.45	68.35	66.80
June	67.80	66.10	—	—
July	67.45	65.75	67.50	66.05
Sept	66.50	65.25	66.50	65.50
Dec	66.75	65.45	66.90	65.80
Jan	66.85	65.55	—	—
March	67.05	65.75	67.10	66.25
May	67.40	66.10	67.25	67.20
July	67.75	66.45	—	—
Sept	68.10	66.80	—	—

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
July	69.45	67.57	69.30	67.82
Oct	68.08	67.60	68.10	67.50
Dec	67.80	66.85	68.50	67.05
March	69.20	67.80	69.08	68.00
May	68.83	67.93	69.40	68.50
July	68.80	68.08	68.70	68.70
Oct	68.30	66.05	—	—

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
June	19.43	19.25	19.46	19.32
July	19.12	18.94	19.17	19.04
Aug	19.00	18.84	19.08	18.89
Sept	18.88	18.71	18.97	18.85
Oct	18.84	18.65	18.90	18.75
Nov	18.82	18.64	18.85	18.75
Dec	18.80	18.63	18.88	18.71
Jan	18.78	18.61	18.80	18.78
Feb	18.78	18.59	18.78	18.73
March	18.78	—	—	—

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
May	455.9	454.9	—	—
June	457.7	456.7	458.0	454.4
July	460.5	459.5	460.5	460.5
Aug	463.0	462.1	463.5	459.5
Oct	468.5	467.7	469.5	466.0
Dec	474.2	473.4	474.9	471.3
Feb	480.2	479.4	480.0	478.0
April	486.1	485.3	484.5	484.0
June	492.1	491.3	492.5	490.0
Oct	505.4	504.6	502.5	502.5
Dec	512.2	511.4	511.5	511.5
Feb	519.1	518.3	—	—

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
June	52.00	51.39	52.30	51.50
July	51.90	51.16	52.10	51.60
Aug	52.10	51.67	52.40	52.00
Sept	52.70	52.32	53.05	52.60
Oct	53.20	52.92	53.50	53.20
Nov	54.10	53.52	54.10	54.10
Dec	54.45	54.12	54.70	54.45

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
May	134.65	134.10	134.80	134.00
July	131.85	130.50	131.75	129.80
Sept	129.55	128.60	129.30	128.50
Nov	126.30	125.95	126.40	126.00
Jan	126.05	125.75	—	—
March	126.05	125.75	127.00	127.00
May	126.05	125.75	—	—

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	615.2	611.6	—	—
July	617.7	614.1	619.5	607.0
Oct	623.9	620.4	625.5	615.0
Jan	630.7	626.9	631.0	623.0
April	637.2	633.4	634.0	630.0
July	644.2	640.4	637.0	637.0

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	856.0	828.9	858.0	833.0
June	859.5	832.5	858.0	838.0
July	864.5	837.5	866.0	834.0
Sept	876.3	848.2	878.0	848.0
Dec	891.7	864.3	895.0	864.0
Jan	897.4	869.7	—	—
March	908.4	880.7	910.0	877.0
May	920.9	893.0	904.0	904.0
July	933.7	905.6	927.0	927.0

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
July	7.35	6.96	7.36	6.91
Sept	7.35	7.13	7.31	7.30
Oct	7.60	7.34	7.64	7.27
Jan	7.72	7.46	—	—
March	7.98	7.72	7.97	7.83
May	8.05	7.82	8.08	7.99
July	8.20	7.96	8.21	8.10
Oct	8.36	8.12	8.38	8.05

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
June	70.12	69.25	70.45	69.45
Aug	64.12	63.50	64.45	63.65
Oct	62.45	62.22	62.82	62.30
Dec	63.05	62.87	63.47	62.95
Feb.	63.02	62.85	63.45	62.50
April	64.20	64.17	64.50	64.05
June	64.00	64.05	64.40	64.00

LIVE HOGS 30,000 lbs, cents/lb

	Close	Prev	High	Low
June	56.32	54.82	56.32	55.70
July	52.95	51.45	52.95	52.20
Aug	49.35	47.85	49.35	48.45
Oct	43.95	42.47	43.97	42.70
Dec	43.30	42.17	43.50	42.50
Feb	42.25	41.25	42.75	41.75
April	40.30	39.25	40.50	39.75
June	42.40	41.60	42.40	41.92
July	40.80	40.15	41.80	40.80

MAIZE 5,00 bu min, cents/56 lb-bushel

	Close	Prev	High	Low
May	192.2	186.4	195.0	186.0
July	198.4	192.6	202.0	194.2
Sept	202.4	196.2	205.2	197.2
Dec	207.6	199.2	209.2	200.4
March	214.2	206.4	216.4	207.4
May	215.6	208.2	218.0	210.4
July	216.4	209.0	219.0	213.0

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	76.82	74.82	76.82	76.20
July	73.12	71.12	73.12	72.20
August	68.62	66.62	68.62	67.0
Feb	69.75	68.62	69.90	69.11
March	69.50	68.42	69.65	59.25
May	60.70	69.40	60.70	—

SOYABEANS 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	569.0	555.4	584.0	588.0
July	578.2	553.4	588.4	559.4
August	584.4	562.0	591.6	564.0
Sept	583.4	556.6	586.0	562.0
Nov	588.0	558.0	588.0	563.0
Jan	595.0	566.2	596.2	571.4
March	603.4	573.4	603.4	580.0
May	608.0	578.4	608.4	587.0
July	607.4	580.0	610.0	600.0

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	172.5	166.0	175.0	166.5
July	172.6	165.1	174.5	165.3
August	172.8	165.1	175.0	166.0
Sept	173.5	165.2	175.0	166.5
Oct	174.7	166.0	176.0	169.0
Dec	176.5	167.3	177.3	168.5
Jan	177.7	169.0	179.0	170.0
March	178.7	170.0	180.0	171.5
May	179.0	169.0	179.0	177.5
July	179.0	169.0	179.0	177.0

SOYABEAN OIL 60,000 lb, cents/lb

	Close	Prev	High	Low
May	17.28	16.95	17.60	16.95
July	17.48	17.14	17.85	17.10
August	17.67	17.31	18.00	17.35
Sept	17.85	17.45	18.08	17.50
Oct	18.05	17.59	18.30	17.65
Dec	18.38	17.87	18.60	17.87
Jan	18.47	17.95	18.70	18.00
March	18.72	18.29	18.90	18.20
May	18.85	18.35	18.90	18.90
July	18.85	18.35	18.90	18.90

WHEAT 5,000 bu min, cents/60 lb-bushel

	Close	Prev	High	Low
May	319.0	305.0	325.0	306.0
July	307.2	294.2	314.2	298.0
Sept	309.4	298.6	316.6	299.4
Dec	315.0	302.0	322.0	305.0
March	315.0	301.4	321.4	307.0
May	312.0	296.0	313.0	307.0

SPOT PRICES—Chicago loose lard 14.50 (14.00) cents per pound. Handy and Harman silver bullion 842.5 (836.0) cents per troy ounce. New York tin 319-20 (319-22) cents per pound.

RUBBER

PHYSICALS—The London market opened about unchanged, attracted little interest throughout the day and closed neglected, reports Lewis and Peat. Closing prices (buyers): Spot 61.00p (60.50p); June 60.75p (60.25p); July 60.25p (59.75p). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 229.0 (230.5); SMR 20 198.5 (199.5).

FUTURES—Index 578, June 575-578, July 575-578, July/Sept 575-578. Sales: Nil.

SOYABEAN MEAL

	Yesterd'ys close £ per tonne	+ or −	Business done
June	124.0-124.5	+4.80	124.1-120.0
August	123.5-123.8	+5.50	123.5-120.0
October	124.8-124.5	+5.80	124.5-120.8
Dec	125.8-125.8	+5.50	125.0-123.0
Feb	127.5-129.5	+5.15	123.2
April	128.0-131.0	+5.63	—
June	127.5-131.8	+4.75	—

Sales: 319 (86) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $176.50 (£105.50), up 50c (up £1.00) a tonne for May†June delivery. White sugar $189.50, up 50c.

No. 6 Contract	Y'sterd'ys close	Previous close	Business done
	$ per tonne		
Aug	163.2-163.4	156.8-157.0	164.4-158.8
Oct	168.2-168.4	163.0-163.6	171.0-162.8
Dec	171.2-172.6	166.4-167.8	170.8-168.4
Mar	178.2-177.0	171.2-172.0	177.0-178.6
May	178.6-180.6	174.2-175.4	—
Aug	181.0-184.6	177.0-179.4	—
Oct	184.8-186.2	179.8-180.8	—

Sales: 2,268 (1,510) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £209.50 (£208.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for May 8: Daily price 6.73 (6.75); 15-day average 6.67 (6.68).

TEA

There were 28,384 packages on offer at the London tea auction, including 2,450 packages in the offshore section, reports the Tea Brokers' Association. The market opened to a better demand but closed on a quieter note. Colouy Assams ruled firm but lesser sorts were generally several pence easier and there were some withdrawals. Bangladesh teas also lost ground and shed 2-4p. Selected brighter East Africans held values but mediums were irregularly easier. Coloury Central Africans remained about steady but plainer varieties were often difficult of sale. Quality Ceylons continued to sell well butmediums tended lower and plainer descriptions were neglected. Offshore teas met limited demand but where sold prices were selectively dearer. Quotations: quality 140p a kg (140p); medium 103p a kg (103p); low medium 60p a kg (64p).

OIL

Brent prices firmed all day in a bullish market aided by the weak dollar. Dubai prices also continued to edge cautiously uwards. June WTI opened 12c up on Nymex and traded 21c up at 1.30 pm EDT. In the petroleum products market gas oil continued steady at recent higher levels. Fuel oil remained firm in thin trading. Naphtha was firmer on reduced prompt availability—Petroleum Argus, London.

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.05-17.10	+0.05
Brent Blend	18.75-18.85	+0.30
W.T.I. (1pm est)	19.45-19.50	+0.40
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	200-205	—
Gas Oil	156-158	+1
Heavy fuel Oil	102-114	+3
Naphtha	171-170	+5

* June.
Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close US$ per tonne	+ or −	Business Done
June	157.00	+0.75	157.25-55.25
July	156.25	+2.25	156.50-55.00
Aug	157.25	+2.50	157.50-56.25
Sept	158.75	+2.25	159.25-57.75
Oct	160.00	+1.50	—

Turnover: 4,066 (4,480) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday close US $ per tonne	+ or −	Business Done
	—	—	—
June	105.50	+2.25	103.25
July	103.25	+1.25	—

Turnover: 1 (15) lots of 100 tonnes.

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Pound falls on election news

STERLING FELL back on profit taking, after the news that Mrs Margaret Thatcher, the Prime Minister, had called a UK General *Election for June 11.*

Earlier in the day dealers reported further intervention by the Bank of England to sell sterling, as the pound hovered just below DM3.00.

Sterling retreated from the day's peaks, touched before the election announcement, falling to DM2.98 from DM2.9950. It also lost 1.65 cents to $1.6580-$1.6590, and fell to FFr9.9550 from FFr10.0050; to SFr2.45 from SFr2.4625; and to Y232 from Y234.

The exchange rate index, calculated by the Bank of England, declined 0.3 to 73.3.

The dollar traded just below DM1.80 and around Y140 for most of the day, gaining ground on slightly improved sentiment about the US economy, and speculation the US Federal Reserve might increase its discount rate by ½ per cent to 6 per cent in the near future.

Last Friday's US unemployment figures were much better than expected, but dealers suggested the major test of the dollar's recent upward trend would come on Thursday, with publication of the March US trade figures.

The trade deficit was forecast to improve from February's shortfall of $15.1bn, with the market generally expecting a figure of around $12bn to $14bn.

Apart from the trade figure, March business inventories are also due on Thursday, and were forecast to rise 0.1 per cent, against 0.2 per cent in February. US producer prices will be published Friday.

The dollar rose to DM 1.7965 *from DM 1.7885; to FFr 6.0025 from* FFr 5.9725; to SFr 1.4770 from SFr 1.4700; and to Y139.90 from Y139.65.

On Bank of England figures the dollar's index rose to 100.5 from 100.2.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. April average 1.8112. Exchange rate index 146.6 against 141.8 six months ago.

The D-mark lost ground to the dollar in quiet trading, as dealers awaited news on Thursday of the March US trade balance. Dealers generally expected the dollar to move within a narrow range of DM 1.7850 to DM 1.80 before Thursday.

Speculation the Bundesbank may cut the rate on securities repurchase agreements at today's tender had no impact. The Bundesbank did not intervene when the dollar rose to DM 1.7972 from DM 1.7844 at the Frankfurt fixing. At the Frankfurt close the dollar had improved to DM 1.7990 from DM 1.7905.

Sterling was fixed at DM 2.9980, compared with DM 2.9970, before the announcement of the UK general election, but then declined.

In Miland the D-Mark fell to L722 at the fixing, from Friday's record high of L725.20, in calm trading following news the Bank of Italy is prepared to allow a significant fall in the value of the lira against the German currency.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. April average 142.86. Exchange rate index 226.6 against 206.8 six months ago.

The yen was slightly weaker against th dollar in dull Tokyo trading. Last Friday's better than expected US unemployment figures supported the dollar, but dealers were reluctant to trade ahead of Thursday's US trade figures.

The dollar rose to Y140.00, from Y139.10 on Friday. Forecasts for the US currency during the rest of the week ranged from Y137.50 to Y142.00, depending on whether the March trade shortfall is higher lower than February's deficit of $15.1bn.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu May 11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1257	+1.57	+0.84	±1.5344
Danish Krone	7.85212	7.81290	−0.50	1.23	±1.6404
German D-Mark	2.05853	2.07762	+0.93	+0.23	±1.0981
French Franc	6.90403	6.94294	+0.56	−0.17	±1.3674
Dutch Guilder	2.31943	2.34248	+0.99	+0.26	±1.5012
Irish Punt	0.768411	0.776957	+1.11	+0.38	±1.6684
Italian Lire	1483.58	1500.35	+1.13	+0.95	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

May 11	Latest	Previous Close
£ Spot	1.6590-1.6600	1.6740-1.6750
1 month	0.31-0.30 pm	0.31-0.30 pm
3 months	0.68-0.65 pm	0.69-0.67 pm
12 months	1.15-1.05 pm	1.18-1.10 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 11	Previous
8.30 am	73.7	73.8
9.00 am	73.6	73.7
10.00 am	73.6	73.7
11.00 am	73.6	73.8
Noon	73.6	73.8
1.00 pm	73.6	73.8
2.00 pm	73.6	73.6
3.00 pm	73.3	73.6
4.00 pm	73.3	73.6

CURRENCY RATES

May 11	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.78105	0.693015
U.S. Dollar	5.5	1.3026	1.15456
Canadian $	7.90	*	1.53926
Austrian Sch.	4	N/A	14.6052
Belgian Franc	8	48.5691	43.1257
Danish Krone	7	8.78711	7.81290
Deutsche Mark	3.0	2.3410	2.07763
Neth. Guilder	4½	N/A	2.34248
French Franc	9½	7.8206	6.94294
Italian Lira	11.5	N/A	1500.35
Japanese Yen	2½	182.25	161.869
Norway Krone	8	N/A	7.72942
Spanish Peseta	—	"	145.417
Swedish Krona	7½	"	7.24486
Swiss Franc	3.5	"	1.70938
Greek Drach.	20½	174.528	154.445
Irish Punt	—	N/A	0.776957

*C$/SDR rate for May 8: 1.74683.

CURRENCY MOVEMENTS

May 11	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.3	−20.3
U.S. Dollar	100.5	−6.6
Canadian Dollar	77.2	−11.2
Austrian Schilling	137.8	+10.1
Belgian Franc	100.0	−4.5
Danish Krone	93.3	+3.6
Deutsche Mark	146.6	+21.6
Swiss Franc	174.2	+23.7
Guilder	135.0	+14.2
French Franc	71.5	−12.9
Lira	47.3	−18.0
Yen	226.6	+69.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

May 11	£	$
Argentina	2.6060-2.6180	1.5660-1.5720
Australia	2.3365-2.3395	1.4020-1.4030
Brazil	47.5700-47.8400	28.5880-28.7320
Finland	7.2765-7.2895	4.3620-4.3640
Greece	221.15-225.10	132.35-134.55
Hong Kong	12.9675-12.9885	7.8045-7.8065
Iran	118.60*	70.10*
Korea (Sth)	1387.10-1399.65	828.70-835.50
Kuwait	0.45100-0.45200	0.27100-0.27120
Luxembourg	61.80-61.90	37.25-37.35
Malaysia	4.1050-4.1150	2.4705-2.4725
Mexico	2002.00-2025.35	1203.00-1215.00
N. Zealand	2.8930-2.9005	1.7360-1.7390
Saudi Ar.	6.2410-6.2465	3.7495-3.7505
Singapore	3.5250-3.5350	2.1215-2.1235
S. Af. (Cm)	3.3535-3.3725	2.0170-2.0210
S. Af. (Fn)	5.2950-5.4685	3.1745-3.2785
Taiwan	54.30-54.60	32.45-32.55
U.A.E.	6.1125-6.1185	3.6725-3.6735

POUND SPOT—FORWARD AGAINST THE POUND

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6570-1.6730	1.6580-1.6590	0.31-0.28c pm	2.13	0.69-0.64 pm	1.60
Canada	2.2100-2.2251	2.2135-2.2145	0.32-0.22c pm	1.46	0.50-0.37 pm	0.79
Netherlands	3.35¾-3.38¾	3.35½-3.36½	1⅛-1c pm	3.79	3-2¾ pm	3.42
Belgium	61.80-62.29	61.80-61.90	14-7c pm	2.04	31-20 pm	1.65
Denmark	11.20-11.28¾	11.20¾-11.21¾	par-1½ ore dis	−0.80	2½-4 dis	−1.16
Ireland	1.1175-1.1235	1.1180-1.1190	0.13-0.24 p dis	−1.98	0.24-0.49 dis	−1.31
W. Germany	2.97½-3.00	2.97½-2.98½	1½-1¼pf pm	4.15	3⅞-3½ pm	3.71
Portugal	229.90-232.88	229.90-230.79	72-154c dis	−5.89	325-420 dis	−6.47
Spain	208.45-210.63	208.45-208.74	127-191c dis	−9.15	386-589 dis	−9.35
Italy	2149-2175	2150-2152	1-4 lire dis	−1.39	4-11 dis	−1.39
Norway	11.06¾-11.19¾	11.07¾-11.08¾	4½-5½ ore dis	−2.71	15½-16¾ dis	−5.82
France	9.94½-10.02¾	9.95-9.96	1-1¼ c pm	1.05	1½-¾ pm	0.38
Sweden	10.39¾-10.48¾	10.40½-10.41½	Par-½ ore dis	−0.29	1½-2¾ dis	−0.79
Japan	231½-234½	231½-232½	1¼-1 y pm	5.82	3-2¾ pm	5.06
Austria	20.94-21.09	20.94-20.97	9¾-8¾ gro pm	5.02	24-21½ pm	4.34
Switzerland	2.44½-2.47	2.44½-2.45½	1½-1⅛ c pm	6.43	3¼-2⅞pm	5.00

Belgian rate is for convertible francs. Financial franc 62.20-62.30. Six-month forward dollar 1.04-0.99 c pm. 12-month 1.33-1.23 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

May 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6570-1.6730	1.6580-1.6590	0.31-0.28c pm	2.13	0.69-0.64 pm	1.60
Ireland†	1.4845-1.4928	1.4860-1.4870	0.59-0.54c pm	4.55	1.20-1.05 pm	3.02
Canada	1.3320-1.3350	1.3340-1.3350	0.06-0.09c dis	−0.67	0.28-0.32 dis	−0.90
Netherlands	2.0190-2.0300	2.0250-2.0260	0.30-0.26c pm	1.66	0.95-0.90pm	1.83
Belgium	37.15-37.35	37.25-37.35	1pm-2 c dis	−0.17	3pm-2 dis	0.60
Denmark	6.73½-6.76¼	6.75¾-6.76¼	1.50-2.00ore dis	−3.11	4.40-4.90 dis	−2.76
W. Germany	1.7900-1.8005	1.7960-1.7970	0.51-0.48pf pm	3.31	1.53-1.49pm	3.36
Portugal	138¾-139¾	139½-139¾	80-120c dis	−8.62	260-310 dis	−8.19
Spain	125.70-125.97	125.85-125.95	75-150c dis	−10.73	250-350 dis	−9.54
Italy	1294-1300½	1296¾-1297¼	3.60-4.10lire dis	−3.56	8.00-11.00 dis	−2.92
Norway	6.66¾-6.69	6.68-6.68½	4.10-4.40ore dis	−7.64	12.20-12.50dis	−7.40
France	5.98¾-6.02½	6.00-6.00½	0.65-0.80c dis	−1.40	1.70-2.00 dis	−1.23
Sweden	6.25-6.28	6.27½-6.28	1.30-1.40ore dis	−2.59	3.60-3.90 dis	−2.40
Japan	139.80-140.20	139.85-139.95	0.40-0.36y pm	3.26	1.20-1.15 pm	3.36
Austria	12.59¼-12.65	12.64-12.64½	3.20-2.80gro pm	2.85	9.00-8.00 pm	2.69
Switzerland	1.4725-1.4820	1.4765-1.4775	0.53-0.48c pm	4.10	1.27-1.22 pm	3.34

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.50-37.60.

EURO-CURRENCY INTEREST RATES

May 11	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	8⅞-9⅛	8⅞-9⅛	8¾-8⅞	8⅞-8⅞	8⅝-8¾	8¾-8⅞
U.S. Dollar	6⅜-6⅝	6⅜-6⅝	6⅝-6¾	7⅛-7¼	7¼-7⅜	7⅞-7⅞
Can. Dollar	6½-6¾	6¾-7	7⅛-7¼	7¾-8	8⅛-8⅜	8⅝-8¾
D. Guilder	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5¼	5⅛-5¼
Sw. Franc	1¾-2	1⅝-1⅞	3⅛-3¼	3¾-3⅞	3⅞-3⅞	3⅞-4
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: Two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 11	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.659	2.980	232.0	9.955	2.450	3.360	2151.	2.214	61.85
$	0.603	1.	1.797	139.9	6.003	1.477	2.026	1297.	1.335	37.30
DM	0.336	0.557	1.	77.85	3.341	0.822	1.128	721.8	0.743	20.76
YEN	4.310	7.149	12.84	1000.	42.91	10.56	14.48	9272.	9.543	266.6
F Fr.	1.005	1.666	2.993	233.0	10.	2.461	3.375	2161.	2.224	62.13
S Fr.	0.408	0.677	1.216	94.69	4.063	1.	1.371	878.0	0.904	25.24
H Fl.	0.298	0.494	0.887	69.05	2.963	0.729	1.	640.2	0.659	18.41
Lira	0.465	0.771	1.385	107.9	4.628	1.139	1.562	1000.	1.029	28.75
C $	0.452	0.749	1.346	104.8	4.496	1.107	1.518	971.5	1.	27.94
B Fr.	1.617	2.681	4.818	375.1	16.10	3.961	5.432	3478.	3.580	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Prices slightly weaker

PRICES FINISHED below Friday's closing levels in sterling-based contracts in the London International Financial Futures Exchange yesterday. This followed the announcement of a June 11 UK general election. Speculation had already pointed towards this date and to a Conservative Party re-election. Consequently much of the good news had already been discounted and prices fell back after the announcement. With sterling also losing direction during the afternoon as some speculators chose to take profits.

Three-month sterling deposits for June deliverly opened at 91.46 up from 91.43 and touched a high of 91.52 before slipping away to close just one tick off the day's low at 91.39. Gilt stocks acted in much the same way, opening at 127-28 for June delivery and touching a high of 128-01 before closing at 127-03 down from 127-31 on Friday.

Sentiment now seems likely to be affected principally by the performance of the pound and the various opinion polls in the run up to the election. The Bank of England's more cautious attitude will probably now meet with less opposition since the authorities will be doubly keen on avoiding any undue strain on sterling over the next month.

US bond prices closed down from opening levels but above Friday's closing rates. Trading was relatively subdued with traders unsure about how the dollar would react and also whether the US Federal authorities would have to push interest rates firmer in order to support the US unit. The latter suggestion had considerable opposition however, with other traders suggesting that the dollar had to move lower in order to restore US competitiveness. The June bond price opened at 92-16 up from 92-07 and touched a high of 92-23 before coming back to close at 92-12.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
120	7.06	7.50	0.00	0.52
122	5.07	6.22	0.01	1.24
124	3.12	4.62	0.06	2.00
126	1.36	3.52	0.30	2.54
128	0.35	2.57	1.29	3.59
130	0.10	2.04	3.04	5.06
132	0.03	1.30	4.61	6.32
134	0.00	1.03	6.58	8.05

Estimated volume total, Calls 3,464 Puts 1,377
Previous day's open int: Calls 27,860 Puts 16,159

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
84	8.24	8.04	0.00	0.34
86	6.24	6.28	0.00	1.58
88	4.24	5.00	0.00	1.30
90	2.30	3.49	0.06	2.15
92	0.60	2.47	0.36	3.13
94	0.14	1.59	1.54	4.25
96	0.02	1.19	3.42	5.49
98	0.00	0.55	5.40	7.21

Estimated volume total, Calls 90 Puts327
Previous day's open int: Calls 1,042 puts 1,383

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls-Last May	Calls-Last June	Puts-Last May	Puts-Last June
20000	18.61	19.16	0.01	0.56
20250	16.13	16.94	0.03	0.84
20500	13.68	14.82	0.08	1.22
20750	11.30	12.81	0.20	1.71
21000	9.03	10.95	0.43	2.35
21250	6.94	9.23	0.84	3.13
21500	5.09	7.68	1.49	4.08
21750	3.55	6.30	2.45	5.20

Estimated volume total, Calls 8 Puts 34
Previous day's open int: Calls 259 Puts 244

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	0.6780	0.6795	0.6775	0.6820
Sep.	0.6835	0.6850	0.6831	0.6875
Dec.	0.6894	0.6905	0.6891	0.6938
Mar.	0.6949	—	0.6949	0.6999

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
June	300.15	300.20	296.00	294.65
Sept.	—	302.70	298.00	296.95
Dec.	—	304.80	300.50	299.25
Mar.	305.80	305.90	300.30	301.15

MONEY MARKETS

Rates steady on election date

INTEREST RATES showed little overall change in the London money market yesterday, following the announcement of a general election on June 11. Three-month interbank money was quoted at 8⅞-8¾ per cent, unchanged from Friday. Overnight money opened at 9⅛-8⅞ per cent and stayed around 8¾ per cent for much of the morning before slipping away to 8½ per cent. However, rates rose in the afternoon up to 11 per cent with late balances taken at 10½ per cent.

UK clearing bank base lending rate 9 per cent since May 8

With so much good news already discounted, the market took on a more cautious look ahead of the election and hopes were dampened of another early cut in clearing bank base rates.

The Bank of England forecast a shortage of around £150m with factors affecting the market including the repayment of any late assistance and bills maturing in *official hands together* with a take up of Treasury bills draining £850m, partly offset by Exchequer transactions which added £260m and a fall in the note circulation of £380m. In addition banks brought forward balances £50m above target.

The forecast was revised to a shortage of around £400m and the Bank gave help in the morning of £37m through outright purchases of £1m of eligible bank bills in band 1 at 8⅞ per cent and £36m in band 2 also at 8⅞ per cent.

During the afternoon, the forecast was revised once more, this time to a shortage of around £450m, before taking into account the morning's help. The Bank gave additional assistance in the afternoon of £131m through outright purchases of £10m of local authority bills and £54m of eligible bank bills all in band 1 at 8⅞ per cent and £67m of eligible bank bills in band 2 at 8⅞ per cent.

Late assistance came to £115m, making a total of £283m. In Frankfurt call money was easier amid speculation that credit conditions would become more relaxed. Pressure has increased on the Bundesbank to reduce some of its short term interest rates. A decision over the weekend by the Italian authorities to allow the lira to move without intervention against the D-Mark was seen as a thinly veiled attempt to exert more pressure on the West German authorities to cut interest rates. Some indication of the authorities' intention could come today with the market expecting the Bundesbank to announce a sale and repurchase agreement at a lower rate

FT LONDON INTERBANK FIXING

(11.00 a.m. May 11) 3 months U.S. dollars: bid 7⅛ | offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8
Broker loan rate	8
Fed. funds	6⅜
Fed. funds at intervention	6⅜

May 11	Overnight	One Month	Two Months
Frankfurt	3.50-3.60	3.70-3.85	3.70-3.85
Paris	7⅞-8	8-8⅛	8⅛-8¼
Zurich	⅞-1⅛	3-3⅛	—
Amsterdam	5⅛-5¼	5⅛-5¼	—
Tokyo	4.03375	3.84375	—
Milan	9⅞-10⅛	9⅞-10⅛	—
Brussels	6.75	7⅛-7⅜	—
Dublin	12-12⅛	11½-11¾	11-11⅛

LONDON MONEY RATES

May 11	Overnight	7 days notice	Month
Interbank	11—8½	9⅛-8⅞	9⅛-8⅞
Sterling CDs	—	—	8⅞-8⅞
Local Authority Deposits	8⅞	8⅞	8⅞
Local Authority Bonds	—	—	9⅛
Discount M'ket Deposits	9½-8⅞	9	9
Company Deposits	—	9⅛	9⅛-9
Finance House Deposits	—	—	9
Treasury Bills (Buy)	—	—	8⅞
Bank Bills (Buy)	—	—	8⅞
Fine Trade Bills (Buy)	—	—	9½
Dollar CDs	—	—	6.95-6.90
SDR Linked Deposits	—	—	6-5⅞
ECU Linked Deposits	—	—	6⅞-6⅜

Company Notices

TRONOH MINES MALAYSIA BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of members of Tronoh Mines Malaysia Berhad will be held at the Red Threatre, 2nd Floor, Menara PNB, 201A, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia on Thursday, 11th June 1987 at 10.00 am for the following purposes. To consider and, if thought fit, pass items 1, 2, 3, 4 and 6 as ordinary resolutions and item 5 as a special resolution:

1. "That the profit and loss account for the year ended 31st December 1986 and the balance sheet of the Company at that date and the consolidated profit and loss account for the year ended 31st December 1986, the consolidated balance sheet at that date and the consolidated statement of source and application of funds of the Company and its subsidiaries together with the annexed reports of the Directors and Auditors be and are hereby received and adopted, and the final dividend of 25 sen per share, less tax at 40 per cent, recommended therein be and is hereby approved and declared payable on 15th June 1987 to the members of the Company registered at the close of business on 22nd May 1987."
2. "That Tuan Haji Mokty bin Dato' Mahmood, who retires by rotation, be and is hereby re-elected a Director of the Company."
3. "That Mr A. J. W. Owston, who retires by rotation, be and is hereby re-elected a Director of the Company."
4. "That Tuan Haji Faisal Siraj, who was appointed since the last Annual General Meeting, be and is hereby re-elected a Director of the Company."
5. "That Mr C. W. Treslse, who retires in accordance with Section 129 of the Companies Act, 1965 be and is hereby re-appointed a Director of the Company to hold office until the conclusion of the next Annual General Meeting."
6. "That Messrs Peat, Marwick, Mitchell and Co. who are eligible and have given their consent for re-appointment, be and are hereby re-appointed the Company's Auditors for the period until the conclusion of the next Annual General Meeting and that the remuneration to be paid to them be fixed by the Board."

By order of the Board
Wan Mohamed Wan Yusoff
Secretary

Kuala Lumpur
May 12 1987

NOTES:
i) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
ii) There are no Directors' service contracts required by The Stock Exchange, London, to be made available for inspection at the meeting.

Company Announcement

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on May 11, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.20
Albania	Lek	10.0105
Algeria	Dinar	7.7205
Andorra	French Franc	9.9550
	Spanish Peseta	208.60
Angola	Kwanza	46.387
Antigua	E. Caribbean $	4.50
Argentina	Austral	2.6120
Aruba	Florin	2.9853
Australia	Australian $	2.3380
Austria	Schilling	20.955
Azores	Portuguese Escudo	230.35
Ghana	Cedi	265.76
Gibraltar	Gibraltar £	1.0
Greece	Drachma	223.13
Greenland	Danish Krone	11.2125
Grenada	E. Caribbean $	4.50
Guadaloupe	Local Franc	9.9550
Guam	U.S. $	1.6585
Guatemala	Quetzal	1.6585 / (F) 4.3774
Guinea	Franc	566.90
Guinea-Bissau	Peso	1083.87 (18)
Guyana	Guyanese $	16.72
Panama	Balboa	1.6585
Papua New Guinea	Kina	1.4913
Paraguay	Guarani	532.73 (10) / 1227.79 (7)
Peru	Inti	exc(o)25.33 / (F) 37.62 / (Fn) 31.68
Philippines	Philippine Peso	33.70
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.8968
Poland	Zloty	412.85
Portugal	Escudo	230.35
Puerto Rico	U.S. $	1.6585
[illegible]	[illegible]	[illegible]

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	MONDAY MAY 11 1987 — US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	FRIDAY MAY 8 1987 — US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX — 1987 High	1987 Low	Year ago (approx)
Australia (94)	135.62	−0.3	121.25	126.51	2.82	136.01	120.39	127.06	136.01	99.92	95.15
Austria (16)	90.34	−0.9	80.77	84.34	2.24	91.15	80.68	84.59	101.62	90.34	92.72
Belgium (47)	119.92	−0.9	107.21	111.05	4.30	121.05	107.15	111.65	122.35	96.19	83.69
Canada (131)	130.94	+0.3	117.06	126.53	2.38	130.52	115.53	126.36	136.17	100.00	99.28
Denmark (39)	117.52	+0.1	105.06	108.05	2.35	117.44	103.95	107.41	124.10	98.18	103.73
France (122)	121.17	−0.1	108.32	114.09	2.45	121.26	107.33	113.61	121.82	98.39	96.86
West Germany (90)	93.92	−0.3	83.96	87.72	2.14	94.19	83.37	87.58	100.33	84.00	85.10
Hong Kong (45)	108.27	+1.3	96.80	108.50	3.04	106.86	94.58	107.06	114.71	96.89	73.63
Ireland (14)	129.03	+1.4	115.35	122.30	3.50	127.20	112.58	119.88	131.44	99.50	95.47
Italy (76)	106.67	−0.9	95.36	103.33	1.60	107.68	95.31	103.82	112.11	94.76	99.17
Japan (458)	161.23	+0.0	144.14	142.58	0.46	161.28	142.75	142.37	161.28	100.00	78.12
Malaysia (36)	154.63	+1.0	138.24	147.19	2.57	153.05	135.47	145.48	155.25	98.24	68.24
Mexico (14)	188.23	−0.8	168.27	248.81	0.86	189.68	167.88	251.03	197.27	99.72	50.37
Netherland (38)	118.15	+0.4	105.63	109.23	4.08	117.63	104.12	108.18	118.24	99.65	85.92
New Zealand (27)	95.91	+0.4	85.75	88.49	3.01	95.48	84.51	88.40	100.59	83.93	70.21
Norway (24)	133.22	+1.6	119.10	120.84	2.09	131.15	116.08	118.73	139.79	100.00	96.27
Singapore (27)	129.18	+1.4	115.48	126.35	1.87	127.44	112.80	124.65	129.18	99.29	59.14
South Africa (61)	168.72	−3.3	150.83	118.98	3.44	174.56	154.50	120.20	186.74	100.00	94.98
Spain (43)	104.87	+1.9	93.75	100.02	4.08	102.88	91.06	98.40	121.31	100.00	94.22
Sweden (33)	121.18	−1.6	108.33	112.61	2.06	123.14	108.99	113.80	124.68	90.85	89.06
Switzerland (51)	100.08	+0.2	89.47	91.64	1.88	99.85	88.38	91.00	104.06	93.26	87.68
United Kingdom (339)	143.05	+0.7	127.89	127.89	3.27	142.13	125.80	125.80	143.05	99.65	99.62
USA (597)	119.51	−0.6	106.84	119.51	3.03	120.19	106.38	120.19	124.06	100.00	99.73
Europe (932)	120.54	+0.2	107.76	110.66	2.86	120.28	106.46	109.65	120.54	99.78	93.89
Pacific Basin (687)	158.29	+0.0	141.51	140.73	0.60	158.30	140.11	140.51	158.30	100.00	78.48
Euro-Pacific (1619)	143.22	+0.1	128.04	128.75	1.36	143.13	126.68	128.22	143.22	100.00	84.56
North America (728)	120.11	−0.5	107.38	119.91	2.99	120.74	106.87	120.54	124.60	100.00	99.71
World Ex. US (1825)	143.09	+0.0	127.92	130.38	1.42	143.05	126.61	130.28	143.09	100.00	85.15
World Ex. UK (2083)	132.98	−0.3	118.88	125.20	1.85	133.33	118.01	125.35	133.33	100.00	90.03
World Ex. So. Af. (2361)	133.64	−0.2	119.48	125.46	1.97	133.85	118.47	125.38	133.85	100.00	90.82
World Ex. Japan (1964)	120.87	−0.3	108.06	116.82	2.94	121.20	107.27	116.84	121.50	100.00	96.93
The World Index (2422)	133.87	−0.2	119.68	125.43	1.98	134.11	118.70	125.37	134.11	100.00	90.84

Base values: Dec 31, 1986 = 100

CONSTITUENT CHANGE: Avana Group has been deleted (United Kingdom).

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	Last	Aug 87 Vol.	Last	Nov 87 Vol.	Last	Stock
GOLD C	$360	21	96A	21	102	—	—	$454.15
GOLD C	$420	109	35	139	45B	30	38	"
GOLD C	$440	218	14.50	37	34B	19	45	"
GOLD C	$460	396	1.60	110	25B	62	36	"
GOLD C	$480	22	0.40	101	16A	50	25.50	"
GOLD C	$500	—	—	83	10	53	19B	"
GOLD C	$520	—	—	33	5.70	325	16	"
GOLD P	$400	—	—	52	3.50	45	8	"
GOLD P	$420	—	—	39	6.20	13	10	"
GOLD P	$440	30	0.60B	184	12	16	16	"
GOLD P	$460	200	8	33	20	50	26B	"
GOLD P	$480	85	29	—	—	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$1000	—	—	—	—	50	90A	$835
£/Fl P	Fl.340	—	—	—	—	51	13.30	Fl.337.38
		May 87		Jun 87		Jul 87		
$/Fl C	Fl.200	116	2.70	20	4.40	—	—	Fl.202.75
$/Fl C	Fl.205	22	0.30B	528	1.90	12	2.50B	"
$/Fl C	Fl.210	—	—	40	0.40	—	—	"
$/Fl C	Fl.215	—	—	4	0.50	—	—	"
$/Fl C	Fl.225	—	—	68	0.10	—	—	"
$/Fl P	Fl.195	—	—	34	1	—	—	"
$/Fl P	Fl.200	88	0.40	256	2.10A	—	—	"
$/Fl P	Fl.205	202	2.50	7	4.60A	—	—	"
		Sep 87		Dec 87		Mar 88		
$/Fl C	Fl.195	—	—	70	10.20	22	11.30	Fl.202.75
$/Fl C	Fl.200	5	68	20	7.80	13	8.50	"
$/Fl C	Fl.205	264	4.30	10	5.70	30	6.80	"
$/Fl C	Fl.210	11	2.70	6	4.20	22	4.50	"
$/Fl C	Fl.215	—	—	—	—	53	3.60B	"
$/Fl P	Fl.195	31	3.20	4	5	—	—	"
$/Fl P	Fl.200	20	5.20	—	—	—	—	"
$/Fl P	Fl.225	30	23.70	—	—	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.500	133	18.40	10	28B	—	—	Fl.497.00
ABN P	Fl.480	99	7	7	16.50	—	—	"
AEGON C	Fl.95	107	2	16	3.60	—	—	Fl.91.50
AEGON P	Fl.90	20	3.40	8	5.80	—	—	"
AHOLD C	Fl.115	116	1.10	50	2	—	—	Fl.106
AHOLD P	Fl.105	150	3.50	—	—	—	—	"
AKZO C	Fl.140	540	3.40	144	6.90	28	9.50	Fl.134.20
AKZO P	Fl.130	211	2.70	99	4.30	4	5.80	"
AMEV C	Fl.65	45	2.10	12	3.50	22	4.80	Fl.63.30
AMEV P	Fl.75	38	14.70	33	15.50B	—	—	"
AMRO C	Fl.80	199	2.40	125	4.20	15	6	Fl.77.00
AMRO P	Fl.80	308	4.70A	—	—	—	—	"
ELSEVIER C	Fl.50	58	3.40	1	5	5	7.50	Fl.51.50
ELSEVIER P	Fl.44	20	0.10	—	—	—	—	"
GIST-BROC C	Fl.45	75	1.60	33	3.20	—	—	Fl.44.70
GIST-BROC P	Fl.45	24	3	13	3.70	—	—	"
HEINEKEN C	Fl.170	69	12.50	—	—	—	—	Fl.179.70
HEINKEN P	Fl.170	49	1.50	15	3.30	25	5.50	"
HOOGOVENS C	Fl.40	315	3.60	102	5	15	6	Fl.42.70
HOOGOVENS P	Fl.40	706	2	66	3.20	8	4.20	"
KLM C	Fl.45	290	2.50	174	3.40	6	4	Fl.44.90
KLM P	Fl.45	439	2	48	3.50	—	—	"
NED. LLOYD C	Fl.150	114	2.80	6	4.80A	—	—	Fl.146
NED. LLOYD P	Fl.140	14	7	34	9.50	1	11.10	"
NAT. NED. C	Fl.75	246	1.80	83	3.20	—	—	Fl.72.20
NAT. NED. P	Fl.70	25	1.90	42	3.30	8	4	"
PHILIPS C	Fl.50	605	2.80	195	4.50	96	5.50	Fl.50.50
PHILIPS P	Fl.50	403	1.70	34	2.70	85	3.20	"
ROYAL DUTCH C	Fl.250	2621	9.50	648	11	25	13.50	Fl.258.00
ROYAL DUTCH P	Fl.240	1088	4	143	7.20	13	9.50	"
ROBECO C	Fl.100	1	3.30B	16	4.70	—	—	Fl.102.60
ROBECO P	Fl.100	29	1.50	—	—	10	3.50	"
UNILEVER C	Fl.620	182	9.90	16	20	5	27	Fl.598.00
UNILEVER P	Fl.520	2	2	53	3.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 39,655

A=Ask B=Bid C=Call P=Put

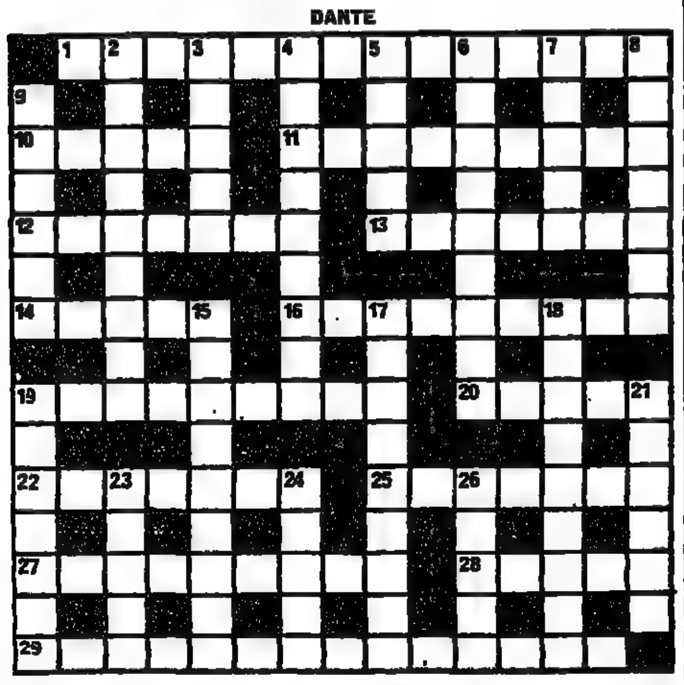
BASE LENDING RATES

	%		%		%
ABN Bank	9½	● Charterhouse Bank	9	Midland Bank	9
Adam & Company	9½	Citibank NA	9	● Morgan Grenfell	9
Allied Arab Bk Ltd	9½	Citibank Savings	¶12.45	Mat Credit Corp. Ltd	9½
Allied Dunbar & Co	9	City Merchants Bank	9	Nat. Bk. of Kuwait	9
Allied Irish Bank	9	Clydesdale Bank	9	NatWestminster	9
American Exp. Bk	9	Comm. Bk. N. East	9	Northern Bank Ltd	9
Amro Bank	9	Consolidated Cred.	9½	† Norwich Gen. Trust	9
Henry Ansbacher	9½	Co-operative Bank	*9	PK Finans. Intl (UK)	10
ANZ Banking Group	9	Cyprus Popular Bk	9	Provincial Trust Ltd	11
Associates Cap Corp	9	Duncan Lawrie	9	R. Raphael & Sons	9
Authority & Co Ltd	9½	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	9	Equat'l' Tst.C'p plc	9½	Royal Bk of Scotland	9
Bank Hapoalim	9	Exeter Trust Ltd.	9½	Royal Trust Bank	9
Bank Leumi (UK)	9½	Financial & Gen. Sec.	9½	Smith & W'son Secs	9
Bank Credit & Comm	9½	First Nat. Fin. Corp	10½	Standard Chartered	9
Bank of Cyprus	9	First Nat. Sec. Ltd	10½	Trustee Savings Bk	9
Bank of Ireland	9	● Robert Fleming & Co	9	UDT Mortgage Exp.	¶11.1
Bank of India	9½	Robert Fraser & Ptrs	10	United Bk of Kuwait	9
Bank of Scotland	9	Girobank	9	United Mizrahi Bank	9
Banque Belge Ltd	9	Grindlays Bank	‡9	Unity Trust PLC	9½
Barclays Bank	9	● Guinness Mahon	9	Westpac Bank Corp	9½
Benchmark Tst Ltd	9½	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Beneficial Trust Ltd	11	● Hambro Bank	9	Yorkshire Bank	9
Berliner Bank AG	9	Heritable & Gen. Tst.	9		
Brit Bk of Mid East	9½	● Hill Samuel	§9½		
● Brown Shipley	9	C. Hoare & Co.	9		
Business Mtge Tst	9½	Hongkong & Shangh	9½		
CL Bank Nederland	9	Lloyds Bank	9		
Canada Permanent	9	Mase Westpac Ltd.	9½		
Cayzer Ltd	9	Meghraj & Sons Ltd	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sawings 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. § Mortgage base rate. ¶ Demand deposit 4.65%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,324

DANTE



ACROSS

1 Where X marks the spot? (5-9)
10 I am on time for the picture (5)
11 A ruling that's not very clear (5,4)
12 Fast sailing ship takes the wool crop (7)
13 Three changes to put on in addition (7)
14 Height of one's voice in the playground? (5)
16 One of the signs that motorists have to go on (2,7)
19 How to shoulder a job of team selection? (4-1-4)
20 Marauder, we hear, of Quebec? (5)
22 Takes off some weight? (7)
25 Problem with World War I battle citation (7)
27 Pot-plant? (9)
28 Runyon's returning wanderer (5)
29 Fictitious title to isolated hoarding-site (8,6)

DOWN

2 Article is made practical (9)
3 Clean up in the lottery (5)
4 Votes the umpire possibly earned (9)
5 Threatened strike that doesn't come off (5)
6 Rank upon rank in Hyde Park (6,3)
7 Number one's direction is sound (5)
8 Shortly makes point about pine (7)
9 This Roman chalice gives a minor problem (6)
15 Problems of pain (9)
17 Father involved in task takes on one Asian (9)
18 There's no end of cats here (4,2,3)
19 Something fruity encountered if you go straight down (7)
21 Adjustment in ages for review (6)
23 It's great to be free—at first (5)
24 It's climbed with a saintly mien (5)
26 Design a miniature (5)

Solution to Puzzle No. 6,323

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	296.0	314.8	+5.3	4.52
(Accum Units)	366.0	389.3	+6.7	4.52
UK Growth	364.2	387.4	+6.8	2.17
(Accum Units)	386.9	411.5	+7.3	2.17

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst.	43.8	46.4	+1.0	1.61
MLA Income Trust	38.8	41.4	+1.5	3.46
MLA Int	43.1	46.8	+0.7	0.79
MLA Gilt Unit Tst	26.2	26.9	-0.1	9.66
MLA European Trust	34.3	36.5	-0.1	0.68
MLA American Tst	27.4	29.8	+0.2	0.86
MLA Emerging Mkt. Tst	24.0	25.6	+0.3	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int.	122.6	126.5	—	6.89
Growth Units	103.0	109.5	—	2.49
High Income Unit	145.4	154.5xd	—	3.82
High Yielding Gilt Uts	61.7	63.9xd	—	8.46
Intl Growth Unit Tst	154.8	164.5xd	—	0.19
UK Smaller Cos	115.8	123.1	—	1.53
North American	80.5	85.6	—	0.35
Far East	140.4	149.2	—	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	313.0	333.0	—	3.35
General April 13	245.8	261.5	—	1.87
International April 13	147.6	157.1	—	0.67
Global Inc Fd April 13	48.0	51.1	—	5.19

Medical Investments Limited
4 Stodys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	49.1	51.7	+0.5	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	178.6	188.8xd	+2.5	3.85

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS 01-280 2860

American Growth	105.5	111.6xd	+0.6	2.51
(Accum Units)	110.6	117.0xd	+0.7	2.51
British Blue Chip Fund	49.2	52.0	—	0.10
(Accum Units)	49.2	52.0	—	0.10
American Smllr Cos Fd.	48.3	51.1	+0.5	0.50
(Accum Units)	48.3	51.1	+0.5	—
American Sm Cos Ex Fd.	45.2	46.3	+0.5	0.01
(Accum Units)	45.2	46.3	+0.5	0.01
American Income	51.0	53.9xd	-0.1	5.23
(Accum Units)	55.2	58.4xd	—	5.23
European Growth	139.9	148.8	-0.1	0.56
(Accum Units)	144.8	154.0	-0.1	0.56
European Income	80.7	85.8	+0.1	3.43
(Accum Units)	83.1	88.9	+0.2	3.45
General	342.0	361.9	+6.5	2.05
(Accum Units)	568.1	601.1	+10.9	2.05
Gilt	97.3	99.7	-0.2	6.98
(Accum Units)	108.6	109.1	-0.2	6.98
Global Fund	49.3	52.1	—	0.10
High Interest Fund	49.1	51.9	+0.5	0.10
(Accum Units)	49.1	51.9	+0.5	0.10
High Income Fund	48.1	50.8	-0.1	0.10
(Accum Units)	48.1	50.8	-0.1	—
Income	112.2	118.7	+2.4	4.33
(Accum Units)	127.9	135.3	+1.5	4.33
International	289.5	306.3	—	1.21
(Accum Units)	362.9	384.0	—	1.22
Japan	228.6	243.1	+0.1	0.58
(Accum Units)	234.6	249.5	—	0.58
Pacific Fd.	49.3	52.1	+0.7	0.10
(Accum Units)	49.3	52.1	+0.7	—
Recovery	275.5	291.5xd	+4.9	2.82
(Accum Units)	299.5	316.9xd	+5.3	2.82
UK Smaller Co's Fd.	48.2	51.0	+0.2	0.10
(Accum Units)	48.2	51.0	+0.2	0.10
Exempt April 29	318.6	326.7	—	2.51
(Accum Units)	499.0	511.7	—	2.51

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45186

UK Income Fund	53.8	57.2	—	5.25
Accum Units	53.8	57.2	—	5.25
UK Growth Fund Acc.	51.7	54.9	—	1.82
Global Income Fund	48.4	51.4	—	3.89
Accum Units	48.4	51.4	—	3.89
Global Growth Fund	47.6	50.6	—	0.49

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	111.7	118.8	+2.0	1.40
(Accum Units)	153.4	163.2	+2.7	1.40
Commodity & Gen.	181.1	192.2xd	-0.3	1.40
(Accum Units)	258.5	274.3	-0.4	1.40
European Growth	129.4	137.2	—	1.06
(Accum Units)	155.7	165.3	—	1.06
Extra High Inc	70.5	74.7xd	+0.5	6.85
(Accum Units)	85.5	90.7	+0.7	6.83
Gilt & Fxd. Int.	57.4	59.9	-0.2	8.55
(Accum Units)	98.5	102.9	-0.4	8.25
High Yield	201.2	213.4xd	+2.6	4.50
(Accum Units)	355.8	377.9	+4.7	4.50
Income	228.9	242.8	+3.9	2.96
(Accum Units)	383.7	407.1	+4.4	2.96
Intl High St UT	53.6	57.0	+1.4	1.75
Do. Accum	53.6	57.0	+1.4	1.75
Japan and Pacific	380.4	403.6	+8.4	0.18
(Accum Units)	399.6	424.0	+8.8	0.18
Managed Portfolio Acc.	64.3	68.0	+0.6	2.67
North American	119.8	127.1	+0.5	1.39
(Accum Units)	144.1	152.9	+0.6	1.39
Smaller Cos.	168.8	179.0	+1.7	1.36
(Accum Units)	181.4	192.5	+1.8	1.36

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	310.4	331.5	+2.3	0.96
Income	242.8	258.6xd	+3.9	3.47
Worldwide Recovery	169.5	180.9	+0.2	1.62
American Growth	73.3	78.5	+0.4	0.88
Intl. Emerging Cos.	95.5	102.0	+0.2	0.60
Far East Growth Fd.	103.9	111.0	+1.0	0.70
European Growth Fd.	64.1	68.5	+0.4	2.04

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	57.3	61.0	—	3.04
Prolific C'vert & Gilt	120.9	128.7	—	4.51
Prolific Euro Gth&In	51.1	54.4	—	2.5
Prolific Extra Inc	122.2	130.1	—	3.32
Prolific Far East	214.6	229.6	—	—
Prolific High Inc	83.0	88.4xd	—	3.07
Prolific Intl	147.5	157.0	—	0.22
Prolific N. Amer.	128.4	137.4xd	—	—
Prolific Spec. Sits	100.5	107.0	—	0.72
Prolific Technology	143.0	153.0	—	—

Providence Capitol Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	101.4	107.9xd	+0.5	—
Japan Acc	102.6	108.3	+0.4	—
Worldwide Inc.	78.7	83.3	+0.5	1.07
Worldwide Acc.	80.1	84.8	+0.5	1.07
European Tst Inc	93.9	99.9xd	+0.1	0.34
European Tst Acc.	94.5	100.6	+0.2	0.34
North American Inc	62.7	66.8	+0.1	7.30
North American Acc.	63.6	67.7	+0.1	1.50
UK Equity Inc	85.4	90.4	+1.8	1.82
UK Equity Acc	89.3	94.5	+1.8	1.82
UK High Inc Eqty Inc	63.4	67.1	+1.4	4.55
UK High Inc Eqty Acc	64.6	68.4	+1.4	4.55
Hong Kong Trust	47.0	49.8	+0.9	0.95
Swiss Equities Trust	45.4	48.1	+0.2	1.90

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6AA. 01-588 3963

PM Equity Growth	104.4	111.1	+2.2	0.66
PM Income and Growth	93.3	99.3	+2.7	3.20
PM N American Growth	51.5	54.7xd	+0.3	0.37
PM European Growth	46.1	49.0xd	-0.2	0.64
PM Japan Growth	68.9	73.2xd	+0.4	0.57
PM Overseas Growth	50.6	53.8xd	-0.2	0.47

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst	69.2	73.2	+0.6	0.42
Holborn Equity Income	63.6	67.2xd	+1.2	3.83
Holborn Equity Tst	536.2	567.3xd	+12.8	2.38
Holborn European Tst	113.3	119.8	+0.2	0.69
Holborn Gilt Tst	214.9	223.7xd	—	2.13
Holborn High Inc Tst	81.1	85.8	+1.4	2.03
Holborn Intl Grth Tst	115.0	121.6	+0.9	0.72
Holborn Japanese Tst	128.7	136.1	+0.5	0.04
Holborn N. Amer. Tst	88.1	93.2xd	—	0.52
Holborn Sm Cos Tst	68.4	72.3xd	+1.3	1.61
Holborn Spec Sits Tst	90.1	96.3	+1.7	1.53
Holborn UK Growth Tst	107.2	113.4	+2.5	1.65

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	583.9	617.9	—	1.77
Quadrant Income	309.9	328.0	—	3.52
Quadrant Intl. Fund	421.0	445.6xd	+4.6	1.13
Quadrant Spec. Sits	371.1	392.7	—	2.07

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	224.0	238.2xd	+6.0	2.50
Reliance Unit Tst (Inc)	146.8	156.0xd	+3.2	1.07
Reliance Ut Tst (Acc)	197.5	210.0	+4.3	2.49

Rensburg Fund Managers
Silkhouse Ct., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	48.0	50.8	—	—

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2987/6

NC America (Inc)	311.0	330.8	+2.4	0.87
NC America (Acc)	339.6	361.3	+2.4	0.87
NC Inc Fd.	114.9	122.2xd	+3.0	3.52
NC Japan Fd.	216.8	230.6	-0.1	—
NC Major UK Cos Fd.	66.6	70.8	+1.4	1.84
NC Smllr Australasian	80.3	85.4	+3.2	0.86
NC Smllr Canadian CoFd.	—	50.0	—	—
NC Smaller Cos	195.9	208.4	+3.0	1.28
NC Smaller European	197.9	210.5	+0.2	0.49
NC Prop.*	155.1	169.5xd	—	—

*Unauthorised Unit Trusts

Rowan Unit Trust Mngt. (a)
33, King William St, London EC4R 9AS 01-498 5678

Merlin May 6	350.5	368.8	—	1.09

Royal Bank of Canada Fds.
RBC Trust Managers Limited.
1, London Wall, London EC2Y 5JX. 01-600 6822

RBC Select Grth Acc.	71.3	75.8	+1.6	0.00
RBC Select Income	66.8	71.1	+0.9	—
RBC Select Inc Acc.	68.0	72.3	+0.9	—
RBC Select N. American	48.2	51.3	+0.1	—
RBC Slect Intnl	49.8	53.0	+0.2	—

Royal Life Fd Mgmt Ltd
PO Box 34, Peterborough PE2 0UE. 0733 230000

Equity Trust	77.8	82.4	—	2.28
International Trust	86.0	90.9	—	1.24

MIM Britannia Unit Tst Mgrs Ltd (a)(c)(g)

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.

Pensions Funds

American (Cap)	307.4	322.8	+1.3	—
American (Acc)	428.7	450.2	+1.8	—
Building Soc (Cap)	94.3	99.2	+0.1	—
Building Soc (Acc)	131.6	138.3	+0.1	—
Deposit (Cap)	154.5	162.4	+0.2	—
Deposit (Acc)	215.5	226.4	+0.1	—
European (Cap)	137.0	144.0	-0.3	—
European (Acc)	191.1	200.8	-0.5	—
Equity (Cap)	414.9	435.8	+4.6	—
Equity (Acc)	578.2	607.2	+6.3	—
Gilt (Cap)	252.2	265.0	+1.6	—
Gilt (Acc)	351.8	369.4	+2.2	—
Gold (Cap)	108.1	113.6	+0.2	—
Gold (Acc)	150.7	158.5	+0.1	—
Index-Linked (Cap)	93.9	98.7	+0.3	—
Index-Lnkd Gilt (Acc)	130.9	137.6	+0.4	—
International (Cap)	110.0	115.6	+0.6	—
International (Acc)	153.6	161.2	+0.8	—
Intnl Inc (Cap)	105.2	110.5	+0.3	—
Intl Inc (Acc)	146.7	154.1	+0.4	—
Japan (Cap)	149.3	156.9	+0.3	—
Japan (Acc)	208.2	218.7	+0.3	—
Managed (Cap)	316.9	332.8	+2.6	—
Managed (Acc)	442.0	464.2	+3.6	—
PPP Fund (Cap)	310.3	325.9	+10.1	—
PPP Fund (Acc)	432.8	454.6	+14.1	—
Pacific (Cap)	263.6	276.9	+5.6	—
Pacific (Acc)	367.7	386.2	+7.7	—
Property (Cap)	132.2	138.9		—
Property (Acc)	184.3	193.7		—
Recovery (Cap)	204.3	214.6	+3.2	—
Recovery (Acc)	285.0	299.3	+4.5	—
UK Income (Cap)	115.2	121.1	+0.9	—
UK Income (Acc)	160.7	168.8	+1.2	—
Personal Pension (Acc)	1735.5	1735.5	+53.8	

MGM Assurance

MGM House, Heene Rd, Worthing 0903 204631

UK Equity	224.6	236.5	+2.8	—
Do. Accum.	251.6	264.9	+3.3	—
Special Situations	204.4	215.2	+2.6	—
Do. Accum.	228.8	240.9	+2.8	—
North American	176.3	185.6	+0.7	—
Do. Accum.	197.4	207.8	+0.8	—
Pacific Basin	324.3	341.6	+1.5	—
Do. Accum.	363.0	382.2	+1.6	—
Fixed Interest	218.7	230.3	+0.1	—
Do. Accum.	245.0	257.9	+0.5	—
Property	117.5	123.7	-0.0	—
Do. Accum.	131.6	138.6	+0.0	—
Deposit	112.3	118.3	-0.0	—
Do. Accum.	125.8	132.5	-0.0	—
Managed	210.9	222.1	+1.8	—
Do. Accum.	237.3	249.8	+2.1	—
Pension Funds				
Pensions Equity	242.8	255.6	+4.5	—
Do. Accum.	294.0	309.5	+5.5	—
Pens. Spec. Sits.	226.4	238.4	+3.4	—
Do. Accum.	274.6	288.9	+4.6	—
Pens. North American	185.8	195.6	+0.6	—
Do. Accum.	225.2	237.1	+1.3	—
Pens. Pacific Basin	358.1	377.0	+1.7	—
Do. Accum.	434.0	456.9	+2.9	—
Pens. Fixed Int.	229.7	241.8	+0.4	—
Do. Accum.	278.1	292.8	+0.5	—
Pens. Property	118.7	125.0	+0.1	—
Do. Accum.	143.7	151.7	+0.1	—
Pens. Deposit	119.9	126.2	+0.1	—
Do. Accum.	145.1	152.8	+0.1	—
Pens. Managed	231.0	243.3	+2.4	—
Do. Accum.	279.8	294.6	+3.2	—

Manufacturers Life Insurance Co (UK)

St George's Way, Stevenage 0438 356101

Managed	428.1	450.6		—
Property	277.2	291.8		—
Equity	510.2	537.1		—
Gilt Edged	371.5	391.0		—
Deposit	202.4	213.1		—
Investment	217.1	228.0		—
International	419.5	441.6		—
Pension Fund Prices				
Managed Init.		308.1		—
Do. Accum.		374.5		—
Property Init.		240.2		—
Do. Accum.		291.6		—
Equity Init.		380.9		—
Do. Accum.		462.1		—
Gilt-Edged Init.		239.1		—
Do. Accum.		290.5		—
Guaranteed Init.		156.5		—
Do. Accum.		190.1		—
International Init.		498.1		—
Do. Accum.		605.1		—
Index Lk. Gilt Init.		141.2		—
Do. Accum.		171.6		—

National Mutual Life

5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	190.8	200.9	—
Managed Prospect Fund	149.3	157.2	—
UK Equity Fd.	227.2	239.2	—
Fixed Interest	154.0	162.2	—
Pacific	182.4	192.0	—
North American	117.1	123.3	—
Pens. Managed	224.2	236.1	—
Pens. UK Equity	271.7	286.0	—
Pens. Overseas Equity	287.2	302.4	—
Pens. Property	117.3	123.5	—
Pens. Fixed Interest	163.1	171.7	—
Pens. Index Linked	121.2	127.6	—
Pens. Deposit	143.4	151.0	—
P.R.P. UK Equity	117.4	123.6	—
P.R.P. Overseas Equity	101.6	107.0	—
P.R.P. Fixed Interest	110.2	116.1	—
P.R.P. Property	96.5	101.6	—
P.R.P. Index Linked	108.8	114.6	—
P.R.P. Deposit	98.4	103.6	—
P.R.P. Managed	111.8	117.7	—
P.R.P. With Profits	98.8	104.0	—

National Mutual of Australasia

Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	135.91	143.06	—
Guaranteed Deposit	118.04	124.25	—
Managed	151.02	158.96	—
Property	137.11	144.32	—
UK Equities	185.20	194.94	—
Pens Fixed Interest	127.62	134.33	—
Pens Grtd Deposit	118.97	125.23	—
Pens International	199.18	209.66	—
Pens Managed	161.88	170.40	—
Pens Property	153.06	161.11	—
Pens UK Equities	164.33	172.97	—
International	182.74	192.35	—
Nth American Fund	147.60	157.47	—
Far East Pacific Fd	174.92	184.12	—
Japan Fund	254.10	267.47	—
European Fund	200.82	211.38	—

National Provident Institution

48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	297.0	312.7	+3.3
UK Equity	388.6	409.1	+8.8
Overseas Eq.	284.0	299.0	+1.8
Americas	235.0	247.4	+0.6
Far East	336.9	354.7	+3.0
Property	136.8	144.1	+0.3
Fixed Int.	215.3	226.7	-1.0
Indexed Gilt	119.4	125.7	+0.5
Deposit	132.8	139.8	+0.1
Pension Fund Prices			
Man. Initial	312.9	329.4	+3.8
Man Acc.	376.7	396.6	+4.8
UK Eq. Initial	394.7	415.5	+9.7
UK Eq.	463.8	488.3	+11.6
Overseas Eq. Initial	357.5	376.4	+1.2
Overseas Eq.	445.9	469.4	+1.5
Americas Initial	254.7	268.2	+1.3
Americas	304.0	320.1	+0.5
Far East Initial	478.7	503.9	+6.6
Far East	569.5	599.5	+7.9
Prop. Initial	130.1	137.0	+0.4
Prop.	154.9	163.1	+0.6
Fixed Int. Initial	193.9	204.2	-0.9
Fixed Int.	230.6	242.8	-0.6
Indexed Gilt Initial	108.7	114.5	+0.5
Indexed Gilt	127.9	134.7	+0.6
Deposit Initial	133.4	140.5	+0.1
Deposit	160.1	168.6	+0.1

RPI Pensions Management Ltd

Managed Fund	902.2	918.9	—

Prices May 1. Next dealing June 1.

Norwich Union Asset Management Ltd

PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	56.3	59.3	+0.7
Stock Market Mngd Fund	56.4	59.4	+0.7
Equity Fund	61.3	64.6	+1.4
International Fund	51.7	54.5	+0.2
European Fund	55.6	58.6	+0.1
North American Fund	47.0	49.5	
Pacific Fund	63.9	67.3	+0.1
Property Fund	50.2	52.9	
Fixed Interest Funds	52.0	54.8	-0.1
Index linked Sec Fund	47.7	50.3	+0.2
Deposit Fund	50.3	53.0	
NUAM Retirement Plans			
Mixed Fund	57.4	60.5	+0.6
UK Ordinary Share	66.4	69.9	+1.3
International Fund	52.8	55.6	+0.3
Property Fund	51.1	53.8	
Fixed Interest Fund	53.3	56.2	+0.1
Index Linked Sec Fund	47.5	50.0	+0.2

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

1987 High	Low	Stock	Price £	+ or −	Div % Gross	Red. Yield
45	42	Greek 7pc Ass.	42xd	....	3.50	18.33
45	44	Do. 6pc 28 Stb. Ass.	44	....	3	16.82
47	45	Do 4pc Mixed Ass.	47	....	2	14.26
65	58	Hung. '24 Ass	62xd	−2	2.75	16.05
146½	127⅞	Hydro Quebec 15pc 2011	145⅞xd	−1⅛	15.00	10.00
92½	88	Iceland 6½pc '83-88	88	...	—	—
136¼	115½	Do. 14½pc Ln. 2016	135⅛	−⅛	14.50	10.58
103½	96	Ireland 9¾pc '91-96	103	−½	9.75	9.30
98½	93	Japan 6% '83-88	94	.....	—	—

AMERICANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
41	32⅝	Abbott Laboratories‖	35⅞	−⅛	84c	—	1.4
17	12⅝	Ahmanson (H.F.)	12⅞	−⅛	88c	—	4.2
30¾	24⅝	Alcoa $1	30⅜	.	$1.20	—	2.4
18⅞	15⅝	♥Allegheny & W $0.01	15⅝	−⅛	30c	—	1.2
14	8⅝	Amax $1	14	+	—	—	—
26¼	17¼	Amdahl 5c	24½	.....	20c	—	0.5
64	52½	Amer. Cyanamid $5	54¼xd	..	$1.90	—	2.1
50⅝	39¼	Amer. Express $0.60	39⅝xd	−⅛	$1.44	—	2.2
12⅞	10	Amer. Medical Int. $1	10¼	−⅛	♦72c	—	4.3
17⅞	14¼	American T. & T. $1	14¾	+⅛	$1.20	—	5.0
63	49	Ameritech $1	49⅞	−⅛	h$4.72	—	5.8
20⅛	15½	Amlacil	18¾	+⅛	—	—	—
23	19⅝	Anheuser-Busch $1	20¼xd	−⅛	$2.00	—	6.1
61p	45p	♥AndTech‖	45p	.....	—	—	—
10⅛	7	BankAmerica $1	7	−	—	—	—
33¾	25⅝	Bankers N.Y. $10	28⅝	+⅛	$1.66	—	3.6
653p	444p	BASIX Corp.	471p	+10	12c	—	1.6
49½	38½	Bell Atlantic $1	38⅞	−⅛	$3.84	—	6.1
9½	4⅛	♥Bethlehem Steel $8	9½	−	—	—	—
20½	10⅝	Bio-Rad Labs. Inc. 'A'	15⅝	...	—	—	—
26¾	21¼	Bowater Inc.	22¼	+⅛	80c	—	2.2
19	16	Browning-Ferris 16⅔c	16½	+⅛	♦40c	—	1.5
30⅝	24	Brunswick	27¼xd	+⅛	60c	—	1.3
33⅝	26⅞	CPC Intnl. 25c	26¾	−⅛	♦$1.24	—	2.8
22⅞	18	CSX Corp U.S.$1.00	20⅛	+⅛	$1.16	—	3.5
25⅛	18⅞	CalFed Inc $1.00	20xd	+⅛	60c	—	1.8
43	38⅝	Campbell Soup 30c	39	−	$1.44	—	2.2
34	27½	Caterpillar Inc $1.00	34	+1⅛	50c	—	0.9
533p	374p	Cenergy Corp. 25c	531p	+10	4c	—	0.5
27¼	21⅛	Chase Manhattan $12.5	22xd	−⅛	$2.16	—	5.9
32⅞	24⅜	Chemical New York	26⅝	+⅛	$2.72	—	6.3
24⅞	16⅝	Chrysler $6¼	24⅛	+⅛	$1.00	—	2.5
38⅝	29	Citicorp $4	32¼xd	+⅛	$2.46	—	4.6
886p	538p	CityFed Fin. Corp	538p	−20	40c	—	4.6
31	25⅜	Colgate-Palmolive $1	25⅛xd	.	$1.36	—	3.3
963p	844p	Colt Inds. $1	925p	.	—	—	—
23⅝	20⅛	Con. Freightways $0.625	22⅛	+⅛	82c	—	2.3
395p	291p	Contl Illinois Corp $1	291p	−6	—	—	—
17p	15p	Cont Illinois Hldgs. $1	15p	....	8c	—	32.7
155p	98p	♥Corporate Data Scnce	150p	....	—	—	—
760p	622p	Cullinet Sftwr $0.1	650p	−4	—	—	—
33p	21p	Damson Oil 40c	23p	.....	—	—	—
29	23	Data Corp. $1	27xd	+⅛	$1.28	—	2.9
25⅝	17⅝	Data General	18⅜	−⅛	—	—	—
23¼p	12p	♥Derma-Lock Medical	20¼p	...	—	—	—
83¼	71½	Dun & Bradstreet $1	74½	−½	$2.56	—	2.1
58⅞	44	Exxon Corpn. 50c	54xd	+	$1.60	—	1.8
22¾	17¾	FPL Group $0.01	18¼xd	+⅛	[illegible]	—	6.9
12½	10⅜	Fairmont Financial	11	+⅛	—	—	—
22½	15	First Chicago $5	17¼xd	+	$1.32	—	4.6
59½	40	Ford Motor $2	59½xd	+	$2.60	—	2.8
27⅞	23	GATX 62½c	24⅜xd	−⅛	$1.50	—	3.7
69⅝	60⅝	Gen. Elect. $0.63	61¼xd	−⅛	$1.24	—	1.3
10⅝	684p	♥General Host Corp $1	688p	+4	22c	—	2.0
41⅞	33	Gillette $1	[illegible]	+	$1.52	—	2.7
15⅝	10⅛	Gt Am First Svgs Bk $1	10⅛	−⅛	♦26.7c	—	1.5
36¾	28⅛	Gt. Western Fin. $1	30⅛	+⅛	$1.80	—	3.6
24¾	20	Greyhound $1.50	23¼xd	+1⅛	$1.26	—	3.3
16¾	13⅝	Hasbro Inc $0.50	14	+⅛	9c	—	0.4
15½	11⅝	Home Group $1	12	−	20c	—	1.0
49	40⅝	Honeywell $1.50	46¼	−	$2.00	—	—
29⅛	21½	Hospital Corp Am $1	23⅞xd	+⅛	50c	—	1.3
25⅛	19½	Houston Inds Incl	20⅝xd	−⅛	$2.80	—	8.3
99¾	77⅞	IBM Corpn $1.25	97⅞	−	$4.40	—	2.8
21⅞	16½	IC Industries	20	−	88c	—	2.7
41	32	ITT Corpn. $1	33⅛xd	−½	$1.00	—	1.9
130p	90p	♥Image Storage/R.5n.1	95p	...	—	—	—
52	41⅛	Ingersoll-Rand $2	50⅛	+⅛	$2.60	—	3.2
16⅛	12⅞	Insilco $1	13	+⅛	$1.00	—	4.7
12⅞	10	IU Intnl. $1.15	11	+	60c	—	3.2
36⅛	27½	Lockheed Crpn. $1	27⅛xd	+⅛	$1.00	—	2.2
25	21⅛	Lone Star Inds $1	22⅜	.	$1.90	—	5.2
24⅞	19	Louisiana Land $0.15	23	...	$1.00	—	2.6
21	15⅞	Lowe's 50c	16	−⅛	40c	—	1.5
32⅛	24	Manf. Hanover $7½	26	.....	$3.28	—	7.6
30⅛	21⅛	Merrill Lynch $1	21xd	−⅛	50c	—	2.3
3⅛p	1p	♥Microcomputer Mms.	1p	.....	—	—	—
32	24⅞	Morgan (JP) $2.5	26xd	+⅛	$2.72	—	6.3
46⅝	37⅛	NYNEX $1	38⅛	−⅛	h$3.48	—	5.6
24⅞	21⅛	PHH	21⅝	−⅛	$1.04	—	2.9
25½	19⅛	Pacificorp $3.25	19⅞	....	$2.40	—	7.4
19⅛	13⅝	Pacific Telesis $0.10	14⅞	+⅛	♦$1.64	—	6.8
22	18	Pall Corp. 25c	18	−⅛	34c	—	1.2
56⅞	45⅝	Pennzoil 83c	50	+2⅛	$2.20	—	2.7
28	22⅛	Pillsbury‖	22⅛xd	+⅛	$1.00	—	2.7
36⅞	26⅛	Quaker Oats $5	27⅞	+⅛	h80c	—	1.8
42	30⅝	RJR Nabisco Inc	30⅛xd	−⅛	$1.60	—	3.2
39	27⅛	Rep NY Corpn $5	29⅛	+⅛	$1.16	—	2.4
17	14⅞	Rexnord $5	15⅛	.....	44c	—	1.7
18⅛	15	Rockwell Intl. $1	17½	+⅛	$1.32	—	4.6

Continued on next page

Money Market Bank Accounts

ANZ Finance High Interest Cheque Acc
Minerva Hse, Montague Cl, London, SE1 01-378 2576

Adam & Co. plc
22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
30 3/16	23 7/8	Sara Lee $1	23 7/8 xd	−1/4	$1.00	—	6.8
11 3/16	9 1/4	Saul (B. F.) $1	9 1/4	−1/8	20c	—	1.3
79	62 5/8	Southwestern Bell $1	65 1/4	.....	$6.96	—	6.5
17 5/8	15 1/4	Staley Continental	15 1/2	+1/8	80c	—	3.2
44 3/16	36 1/8	Sun Co. Inc. $1	39 13/16 xd	+1 1/16	$3.00	—	4.6
74	59 3/4	TRW Inc. $1 1/4	60 1/2 xd	−1/4	$3.20	—	3.2
33	26 1/4	Tenneco $5	28 7/8	−1/8	$3.04	—	6.5
187 1/2	152 1/2	Do. 10pcLn.Stk. 91-5	177 1/2 xd	....	10%	—	5.7
26 1/4	17 3/16	Texaco $6.25	21 1/4 xd	+1 1/16	$3.00	—	8.7
57 1/4	47 13/16	Time Inc. $1	52 7/16	+7/16	$1.00	—	1.2
14 1/2	12	Tracor $0.33	12	−1/4	40c	—	2.0
24 5/8	19 3/16	Transamerica $1	19 3/4 xd	+3/16	$1.76	—	5.5
11	967p	Transworld Corp $5	994p	+12	20c	—	1.2
42 3/4	29 1/4	TRINOVA Corp.	40 1/8	+1/8	h$1.00	—	1.5
19 5/8	15 1/16	♥USX $1	19 5/8	+3/16	$1.20	—	3.7
18 3/4	15 13/16	Union Carbide $1	18 3/4 xd	+1/8	$1.50	—	4.9
35 3/16	26 7/8	Utd. Technologies	27 13/16	−1/16	$1.40	—	3.1
38 5/8	29 1/2	US West‖	29 3/4	−1/8	$3.28	—	6.8
33 1/16	27 7/8	♥Woolworth $3 1/2	27 7/8	−1/4	$1.32	—	2.9

CANADIANS

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
29p	16p	♥Abbot Energy Corp.	16p	......	—	—	—
22 5/8	10 1/2	♥Amer. Barrick Res.	22 5/8	+1/8	—	—	—
83p	36p	Armeno	76p	......	—	—	—
19 3/4	15 1/8	Bk. Montreal ‖	15 3/4	+1/8	$2.00	—	5.7
10 1/2	793p	Bk. Nova Scot.‖	812p	+5	72c	—	3.8
20 5/8	18 1/4	BCE ‖	18 5/8	+1/8	$2.40	—	5.6
960p	712p	♥Bow Valley‖	897p	+11	10c	—	0.5
19 3/4	12 3/4	♥Brascan‖	17	+1/2	88c	—	2.2
609p	279p	♥Breakwater Res.	471p	+4	—	—	—
11 5/8	930p	Can. Imp. Bk. $2	936p xd	+6	$1.08	—	5.0

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

INSURANCES

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LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
323	305	PWS Holdings 10p	318	+3	q9.25	2.9	4.0	11.9
386	326	Pearl Group 5p	376	+11	10.5	—	3.8	—
*950	808	Prudential	908	+20	29.0	—	4.4	—
499	433	Refuge 5p	478	+8	15.75	—	4.5	—
£10¼	854	Royal	900	+15	31.0	—	4.7	—
*344	288	Sedgwick Group 10p	334	+8	12.0	1.7	5.2	13.4
268	207	Steel Burrill J. 10p	261	−5	9.0	2.0	4.7	14.5
505	403	Stewart Wr. 20p	438xd	+11	13.0	2.0	4.1	15.3
450	377	Sturge Hldgs 20p	413	+2	h6.0	2.5	2.0	27.1
895	645	Sun Alliance	885xd	+33	23.5	—	3.6	—
£12¼	944	Sun Life 5p	£12¼	+⅛	28.5	—	3.2	—
£69½	£42⅝	♦Taisho M EDR	£63½	−5½	gQ10%	—	0.7	—
£21¼	£15¾	Torchmark $1.00	£15¾	−¼	Q60c	—	2.3	—
335	240	Trade Indemnity	330	−2	4.3	—	1.8	—
£34	£26½	Travelers $1.25	£26¾	−¼	$2.28	—	5.2	—
£32½	£22⅞	USLIFE Corp. $1.0	£22¾	+⅛	Q$1.20	3.2	3.2	5.0
610	560	♦Utd Friendly B 10p	610	+20	21.0	—	4.8	—
464	367½	Willis Faber 12½p	413	+4	10.75	1.9	3.6	20.8
68	41	Windsor Secs. 10p	68♯	......	0.7	1.5	1.4	63.0

LEISURE

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
17	11½	♦A & M Group 10p	14½	+½	0.4	2.0	3.8	18.1
76	69	A-R TV Pref. £1	76	......	5.95	48.1	12.9	—
*549	302	Anglia TV	460	+17	g11.25	3.3	3.4	12.8
167	113	♦Aspinall Hldgs. 10p	165	......	6.0	1.2	5.0	22.6
87	63	♦Avesco 1p	82	......	L0.5	6.6	0.8	21.0
48	40	♦BCE Hldgs 5p	43½	+2½	Rd1.0	3.0	3.1	14.5
195	132	Barr & W.A.T. 'A'	183xd	+1	8.0	♦	6.0	♦
191	165	Boosey & Hawkes	191	......	—	—	—	—
83	45	♦Border T.V.	61	......	tq2.5	3.2	5.6	15.3
*238	79½	Brent Walker 10p	288xd	+7	q8.5	2.2	4.8	13.9
*231	110	Campari Int. 20p	225	+13	3.0	5.1	1.8	11.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelson Group 10p	388xd	−4½	3.5	2.7	1.2	41.4
35	28	Aberdeen Am Pet 10p	32	......	—	—	—	—
125	110	Allied Ins. Brokers	123xd	+3½	L3.5	2.5	4.0	14.3
65	45	Catalyst Comms 5p	64	+6	—	—	—	—
78	47	Corton Beach 10p	76	+15	—	—	—	37.8
197	102	Edenspring Investment	197	+2		—	—	—
63	31	Eglinton Oil Ir.5p	38	−2	—	—	—	—
41	17	Do. Warrants	24	−2	—	—	—	—
35	17	Publishing Hldgs.5p	35	+3	—	—	—	20.3
58	45½	Theme Holdings	48	......	1.0	♦	2.9	♦
138	111	Unit Group	113	......	R4.6	2.5	5.6	(8.1)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- || No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	76xd	+1½	Fin 13% 97/02	£116¾	......
Craig & Rose £1	£16¼	+¼	Arnotts	373xd	......
Finlay Pkg. 5p	77xd	+3	CPI Hldgs	56	......
Holt (Jos) 25p	930xd	−10	Carroll Inds.	125	......
IoM Stm. £1	106	−2	Dublin Gas	18	......
			Hall (R. & H.)	102	......
IRISH			Heiton Hldgs.	28	......
Fund 12¼% 1988	£100¼	......	Irish Ropes	150	......
Nat. 9¾% 84/89	£98⅞	......	Unidare	360	−45

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp.	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met.	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	3½
Hanson Tst.	15	Brit Petroleum	60
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

Equities at new peak but Gilt-edged slip back ahead of this week's Treasury sales

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22

* New time dealings may take place from 9.00 am two business days earlier.

Confirmation that Mrs Thatcher's Government will go to the polls on June 11 sent the London stock market to new peaks yesterday, although the mid-session gain of more than 50 points on the FT-SE 100 scale was cut back by profit-taking towards the end of the session. Significant foreign demand, mostly from the Japanese securities firms, drove the international stocks ahead, while the domestic food and consumer issues responded vigorously to hopes of another early cut in UK bank base rates, perhaps even before Election Day.

The FT-SE 100 closed a net 36.8 up at a new peak of 2163.3. The market opened strongly, led by the pharmaceutical stocks which have been favoured by foreign buyers throughout the present bull phase. At 2.00 pm, when the City was poised for the announcement from Downing Street, the FT-SE index stood at 2183.9.

However, the late slippage in share prices reflected little more than the expected profit-taking, seen also in the gilt edged market and in sterling. The FT Ordinary index climbed 28.2 to 1686.9, also a new high.

Turnover was heavy, but by no means a record. Buying appeared to be split between genuine foreign investment and trader buying in anticipation of continued overseas support.

The privatisation shares which represent a major plank of the Government's investment policies, surged ahead. In demand were British Telecommunications—at a new peak—and British Gas—both regarded as "election stocks." British Aerospace also advanced on the expectation that UK Government financing for the new Airbus will be agreed before Parliament rises. The heavy oversubscription for the Rolls-Royce issue sent the shares soaring to 134p in the "grey" market, which is open only to institutions.

A renewed—and substantial—gain in Glaxo led pharmaceuticals ahead. Salomon Bros told clients that Glaxo has four new drug products in the pipeline.

Beecham recouped much of Friday's loss as the group denied to several City analysts the rumours that a vendor placing is hovering.

British Petroleum proved the disappointment of the oil sector, where Shell continued to respond to firmer oil prices. Among the major UK industrials, Imperial Chemical Industries, Jaguar, GEC and GKN were all strong.

Hopes for another reduction in bank lending rates brought strength in such consumer issues as GUS and Grand Metropolitan, as well as in insurance issues.

But interest rate hopes failed to inspire gilt-edged, which turned lower ahead of this week's two sales of Treasury issues. Towards the end of the session, when sterling lost its early shine, losses in Government bonds were extended to nearly one point.

However, there was little selling pressure on bonds, and traders believed the sector would recover its poise before Election Day.

Natwest, regarded as having underperformed the other clearing banks over the past few weeks, continued to make strong progress and jumped 12 more to 632p helped by a buy recommendation from BZW. Midland moved up 5 to 683p and Barclays edged up 7 to 525p but Lloyds Bank lagged well behind and closed 4 lower at 534p. TSB touched 90p before closing a net 3½ higher at 89p while First National Finance Corporation—regarded as a prime target for TSB—slipped back 2 to 299p. Royal Bank of Scotland, a poor market after the recent figures, rallied a few pence to 321p. Cattles Holdings were quoted at 59p, ex the one-for-five scrip issue.

Insurances made rapid progress. Composites advanced across a broad front ahead of the first quarter results season which kicks off tomorrow with Commercial Union—7 higher at 328p—and General Accident—11 better at 913p. Guardian Royal Exchange added 9 at 910p and are due to report first quarter figures on Thursday. Sun Alliance, boosted by news that Chubb Corporation of America has built up a stake of 5.1 per cent in the company, rose 33 to 885p. Life insurances showed Sun Life ⅞ firmer at £12¼ ahead of Wednesday's annual meeting, and United Friendly 20 up at 610p, the latter in the wake of the increased profits and dividend. Among insurance brokers Minet Holdings jumped 31 to 329p reflecting the recent good results and buy recommendations from Kleinwort Grieveson and BZW.

Institutional operators remained faithful to leading Breweries, which again made significant headway, but there was also increased activity in regional issues. This followed weekend comment that Elders IXL was poised to make a bid. Scottish and Newcastle led the advance, rising 9 to 261p, while J. A. Devenish jumped 11 to 235p and Greenall Whitley gained 6 to 258p. Forecasts of Whitbread's likely profit—the group is due to report on Thursday week—lifted the "A" stock 16 to 374p. Bass did best of the other majors, surging 12 to 969p, while Allied-Lyons rose 7 to 439p.

Leading Buildings took another decisive step forward before shading late in the session, however, Redland still recorded a gain of 16 at 485p, while Blue Circle closed 9 higher at 884p, after 889p. BPB Industries advanced 21 to 771p and Tarmac rose 14½ to 540p xd. Taylor Woodrow continued to attract buyers and gained 12 more to 419p, while George Wimpey firmed 7 to 224p. McAlpine were 16 higher at 524p and John Laing 10 up at 487p. Elsewhere, potential "shell" situation Copson put on 12 to 235p, while Stanley Miller gained 14 to 77p reflecting Press comment.

ICI remained an active market and rose ⅜ to £14¼.

Stores moved progressively higher amid speculation of another cut in bank base rates in the next couple of weeks. The leaders posted double figure gains but generally came off the top after hours. Sears, boosted by rumours of a stake building operation ahead of today's preliminary results, settled 9½ up at 153½p. Marks and Spencer rose 7¼ to 254½p reflecting Press comment on the group's expansion plans in the US and far east. Hopes that Ratners may come back and counter bid for Combined English Stores as part of a consortium, lifted CES 13 to 415p. Next, which launched an agreed bid for CES last week moved up 11 to 346p. George Oliver put on 10 to 470p as the offer for Timpson was declared unconditional.

In a buoyant electricals market GEC raced up to 231p before closing 6 up at 226p after a turnover of 28m shares following Press comment and news of the £16m agreed cash bid for Micro Scope; the latter soared 54 to 147p on the bid news. Reports that GEC and Plessey could be affected by delays in BT installing the System X public telephone exchange system failed to unsettle either GEC or Plessey—the last named rose 5 to 221p. Other leading electricals showed Thorn-EMI 10 up at 698p, Cable & Wireless 21 firmer at 381p and BICC 15 up at 375p; the latter moved up in response to Press comment on the group's expansion plans.

British Telecom touched a record 320p before dipping late to close a net 13½ up at 313½p, as heavy overseas support was followed up by modest profit taking.

Racal put on 8½ to 251p on news that the company is buying National Foam systems of the US for $16m.

Elsewhere, Circaprint leapt 26 to 166p as buyers chased the shares higher following a 72 per cent jump in interim profits.

With the exception of GKN, up 12 at 334p, in a turnover of some 2.4m shares, leading Engineers showed little alteration. Elsewhere, Clayton and Son, in which Seaforth Investments hold a sizeable stake, advanced 19 to 245p. Mollins were also noteworthy for a gain of 20 at 249p. Revived investment demand left Glynwed 9½ to the good at 459p, while Press mention stimulated interest in Bipel which advanced 6 to 56p. Braithwaite were temporarily suspended at 405p prior to announcing preliminary figures and the proposed acquisition of Wolverhampton based Andrews, a company in the hire and sale of heating, drying, air-conditioning cleaning equipment for industrial and commercial customers.

Stock shortages often exaggerated gains among the Food leaders. Associated British Foods, which acquired a near 24 per cent stake in S. & W. Berisford on Friday from Italian group Ferruzzi, rose 10 more to 392p; Berisford gained 9 to 317p. ABF's move, seen by investors as a vote of confidence in the UK sugar industry, prompted strong demand for Tate and Lyle, finally 16 higher at 806p. Retailers surged higher under the lead of J. Sainsbury, finally 25 higher at 571p. Tesco were 15 up at 545p.

Strong overseas and domestic support ahead of Thursday's half-timer boosted Grand Metropolitan 21 to 512p. Ladbroke, a dull market last week, rallied 17 to 417p.

Most leading miscellaneous industrials closed below the best. BOC, scheduled to reveal interim figures next Monday, continued to make progress and finished 9 to the good at 494p. Beecham revived with a gain of 8 at 530p, while Boots also took a turn for the better, but ended well below the highest at 301p, up 7. Elsewhere, British Airways were actively traded (some 11m shares changed hands) and put on 6 to 174p. Press mention prompted a rise of 14 to 184p in J. Billam, while Hornby, also the subject of week-end newspaper comment, advanced 12 to 118p. Hunting Associated, awaiting today's preliminary statement, advanced 23 more to 487p in a limited market. Rank Organisation were good at 751p, up 27, while similar rises were recorded in Steetley, 342p, and Associated British Ports, 529p. Hopes of US expansion moves directed buyers to English China Clays which gained 21 to 440p; the interim figures are expected on Thursday. Smith and Nephew, overlooked since announcing quarterly figures last week, came to life and put on 8½ to 167½ in a brisk trade. Newspaper mention stimulated interest in Smiths Industries, 10 dearer at 317p. Diploma closed a similar amount higher at 279p, interim figures, below expectations being outweighed by the encouraging statement. Other good spots included BET, 13 to the good at 257p, and Cookson, 20 higher at 693p. Dealings resumed in Hedgson at 295p, compared with a suspension price of 275p, the company recently completed the purchase of Ingall Industries for some £15¾m from the House of Fraser.

A buoyant television sector showed Thames TV some 36 higher at 510p ahead of Thursday's preliminary figures. Grampian TV, also reporting on Thursday, gained 12 to 104p.

The motor sections provided their fair share of features. Lucas Industries rose 11 to 600p, while Jaguar picked up 7½ at 570p and British Car Auction improved 9 further to 249p. Demand in a restricted market raised William Jacks 23 to 73p.

Printing and Agency issues were prominent with some scoring sharp upward movements as a result of stock shortages. BPCC were active and 8 higher at 324p xd, while Delyn Packaging jumped 32½ to 422p xd as Kuwaiti Concern Coast Investment increased its stake to 8 per cent. KLP rose 35 to 462p and Barham 11½ to 185p xd. Contract news helped Norton Opax move up 10 to 160p while Valin Pollen advanced 15 to 255p and Geers Gross recovered 9 to 77p. Ahead of Thursday's interim statement, Saatchi and Saatchi were 18 dearer at 642p but TMD eased to 163p despite announcing increased profits yesterday.

The Property leaders took Friday's sharp gains a useful step further as institutional buyers looked forward to another cut in base rates. Land Securities gained 8 more to 461½p, ahead of tomorrow's annual results, while MEPC firmed 2½ afresh to 434½p. Peachey, which recorded a somewhat startling gain of some 47 points late on Friday, eased slightly on profit-taking to close 9 cheaper at 416p.

A more convincing performance by sector leader Courtaulds, 8 up at 439p, assisted other Textiles. H. Ingram emerged from a lean period, gaining 18 to 153p, while Atkins Bros put on 12 more to 325p and J. Beales added 29 at 315p. Press mention took Readicut 2½ higher to 72½p and Sekers up 4 to 132p.

BAT Industries extended their recent rise amid useful activity to end 8 higher at 545p.

Reflecting the strength of underlying securities, Investment Trusts presented numerous double-figure gains. Financial issues similarly adopted a strong tone. AC Holdings spurted 20 to 535p, MAI gained 13 to 525p and Tyndall rose 16 to 369p. Nevi Baltic benefited from a BZW buy recommendation, closing 8 up at 177p, while Hunting Group went higher with its associate companies to end 18 dearer at 168p.

Shell stood out among the oil majors, rising ¼ to £13 ahead of Thursday's first-quarter figures. British Petroleum, however, also due to reveal first-quarter results on Thursday, were virtually unchanged at 346p. Ultramar, half-year figures due tomorrow, were a shade better at 241p, while LASMO were in demand and moved up 17 to 293p xd, while recently-overlooked Burmah put on 11 to 498p. Enterprise firmed 4 to 277p, as did Britoil, 287p. Speculative buying boosted Hunting Petroleum 18 to 246p, while demand ahead of a visit by analysts to the company's Paris operations lifted Triton 9 to 197p.

Polly Peck appealed to international investors and, in market experiencing stock shortages, the price leapt 16 to 268p. Helped by a Kleinwort Grieveson circular, Inchcape rose 8 to 662p xd.

The gold share markets were overlooked as attention switched to UK equities and currency factors discouraged investors in South African issues. However, traders commented that prices were marked lower in the absence of any interest, either from buyers or sellers. With the Rand easier, London share quotations opened lower, and extended their falls. At the close, Vaal Reefs and Western Deep showed significant losses.

FINANCIAL TIMES STOCK INDICES

	May 11	May 8	May 7	May 6	May 5	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	93.15	93.32	92.53	92.66	92.51	91.60	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.39	98.25	97.44	97.66	97.48	96.88	98.39 (11/5)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,686.9	1,658.7	1,628.0	1,640.5	1,626.9	1,330.5	1,686.9 (11/5)	1,320.2 (2/1)	1,686.9 (11/5/87)	49.4 (26/6/40)
Gold Mines	428.3	438.7	446.5	445.9	453.0	258.1	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.41	3.47	3.54	3.51	3.53	4.07				
Earnings Yld.%(full)	8.13	8.27	8.39	8.33	8.38	10.19				
P/E Ratio (net) (*)	15.19	14.92	14.68	14.77	14.69	11.99				
SEAQ Bargains (5 pm)	62,147	55,938	43,878	37,517	42,087	—				
Equity Turnover (£m)	—	—	1,599.50	1,349.78	1,091.32	498.72				
Equity Bargains	—	—	52,960	46,331	50,341	25,530				
Shares Traded (ml)	—	—	606.8	561.1	585.3	245.9				

S.E. ACTIVITY

Indices	May 8	May 7
Gilt Edged Bargains	—	186.7
Equity Bargains	—	343.2
Equity Value	—	3,233.0
5-Day Average		
Gilt Edged Bargains	—	186.3
Equity Bargains	—	316.3
Equity Value	—	2,780.2

♥

Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1685.7	1688.6	1695.3	1703.1	1702.7	1705.1	1697.1	1691.8

Day's High 1705.1. Day's Low 1683.9. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil=14.75.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings May 5
- Last dealings May 15
- Last declaration August 6
- For Settlement August 17

For rate indications see end of Unit Trust Service

Calls were taken out in British Land, Freshbake Foods, Premier Consolidated, Falcon Industries, Apricot Computer, Tozer Kemsley, Riley Leisure, Conroy Petroleum, Aurora, Sangers, Control Securities, British Telecom, Fairline Boats, Johnson and Firth Brown, North Kalgurli, Elswick, KCA Drilling, Property Trust, GRA Group, Blacks Leisure, Ultramar, Atlantic Resources, Mountleigh, British Airways, British Gas, Rotaprint, Britoil, RTZ, Ladbroke and Marks and Spencer. Puts were transacted in Tesco, Polly Peck and Atlantic Resources, while double options were arranged in Mountleigh, Blacks Leisure and Rivlin.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (329)

BRITISH FUNDS (15), LOANS (5), AMERICANS (6), CANADIANS (2), BANKS (4), BREWERS (7), BUILDINGS (11), CHEMICALS (5), STORES (16), ELECTRICALS (22), ENGINEERING (15), FOODS (7), HOTELS (2), INDUSTRIALS (43), INSURANCE (4), LEISURE (10), MOTORS (6), PAPER (12), PROPERTY (22), SHIPPING (1), SHOES (2), TEXTILES (5), TRUSTS (84), OILS (11), OVERSEAS TRADERS (4), MINES (6), THIRD MARKET (2).

NEW LOWS (15)

AMERICANS (6) Ahmanson (H. F.), Allegheny & Western, CPC Intl, Sara Lee, Saul (B. F.), Woolworth. BANKS (1) Algemene. CHEMICALS (2) Schering (A. G.), Snia BPD. ELECTRICALS (1) Druck Hldgs. INSURANCE (2) Aon Corp, Torchmark. NEWSPAPERS (1) News Intl Spec Div. PAPERS (1) Scott Paper. TRUSTS (1) Japan Asset 4½pc Cnv 1994.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	15,000	172½	+5½	Jaguar	1,300	570	+7½
Allied Lyons	2,800	439	+7	Ladbroke	7,100	417xd	+17
Amstrad	3,900	205	−1	Land Securities	3,100	461½	+8
Assoc. Brit. Foods	2,800	392	+10	Legal & Gen.	1,800	297	+8
Argyll Group	2,900	444	+10	Lloyds Bank	1,500	538	−4
BAT	5,000	545	+8	Lonrho	698	278	—
BET	1,900	257	+13	MEPC	593	434½	+2½
BOC	2,200	494	+9	Marks & Spncr	9,900	254xd	+7½
BPB Inds	518	771	+21	Midland Bank	797	683	+5
BPCC	3,700	324xd	+8	NatWest Bank	3,200	632	+12
BTR	4,300	330	+2	Next	2,300	346	+11
Barclays	2,300	525	+7	Pearson	1,000	615	—
Bass	7,200	969	+12	P & O	1,900	639	+1
Beecham	3,000	527	+5	Pilkington Bros	1,000	868	+7
Blue Circle	590	884	+9	Plessey	12,080	221	+5
Boots	5,000	301	+7	Prudential	741	908	+20
Brit. Airways	11,000	171	+6	Racal	4,000	251	+8½
Brit. Aero	5,300	661	+12	Rank Org	1,000	751	+27
Brit. & Comm.	2,700	439	−8	RHM	1,500	308	−0½
Brit. Gas	39,940	113	+2½	Reckitt & Col	262	£10⅞xd	+⅛
Britoil	7,600	287	+3	Redland	2,300	485	+16
BP	11,900	346	—	Reed Intl	861	434	−1
Brit. Telecom	21,000	313½	+13½	Reuters	634	686	+7
Bunzl	1,800	237xd	+2½	RMC	729	885	+2
Burton	4,650	329	+3	RTZ	934	£10¼xd	+0⅛
Cable & Wire	10,000	381	+21	Rowntree Mac	1,700	524xd	+5
Cadbury Schwps	3,800	258	+2	Ryl Bank Scotland	989	321xd	+2½
Coats Viyella	612	629xd	+10	Royal Insurance	876	900	+15
Comm. Union	4,400	328	+7	STC	5,800	288	+4
Cons. Gold	851	967	−11	Saatchi & Saatchi	1,500	642	+18
Cookson	750	693xd	+20	Sainsbury	2,900	571	+25
Courtaulds	1,200	439	+8	Sears	20,000	153½	+9½
Dee Corpn	4,900	237	+8	Sedgwick	877	314	+8
Dixons Grp	5,850	417	+9	Shell Trans	5,000	£13	+0¼
English China Clays	1,100	440	+21	Smith & Nephew	5,900	167½	+8½
Fisons	1,900	712½	+10½	Standard Chart	672	825	+2
Gen. Accident	377	913xd	+11	Storehouse	2,100	310	−1
Gen. Elect	27,000	225	+6	Sun Alliance	980	885xd	+33
Glaxo	2,800	£15¼xd	+⅜	TSB	20,540	89	+3½
Globe Investment	563	167½	+3½	Tarmac	1,700	540xd	+14½
Granada	2,400	346	+13	Tesco	2,400	545	+15
Grand Met	8,200	512	+21	Thorn EMI	2,200	698	+10
GUS "A"	373	£13¼	+0¼	Trafalgar House	4,000	375xd	+4½
Guardian R.E.	260	910xd	+9	T'house Forte	2,880	255	−0½
GKN	2,900	334	+12	Unigate	816	395	−1
Guinness	4,200	332	+4	Unilever	660	£28	+0⅛
Hanson Trust	13,000	168	−1	United Biscuits	2,750	310xd	+3
Hawker Sidd	691	520xd	—	Wellcome	937	436xd	+5
Hillsdown Hlgs	1,700	286xd	+9	Whitbread "A"	4,400	374	+16
ICI	2,500	£14¼	+0⅜	Woolworth	1,700	862xd	+6

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	32	74	7
Corporations, Dominion and Foreign Bonds	7	34	26
Industrials	852	225	470
Financial and Properties	340	65	187
Oils	60	13	40
Plantations	5	1	8
Mines	25	82	78
Others	106	54	76
Totals	1,427	548	892

FT-ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Monday May 11 1987

Figures in parentheses show number of stocks per section

		Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Fri May 8 Index No.	Thur May 7 Index No.	Weds May 6 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	914.76	+2.6	7.19	2.90	17.63	9.07	891.37	876.47	882.15	717.91
2	Building Materials (27)	1134.71	+1.6	6.97	2.93	18.08	9.58	1116.84	1095.88	1097.40	789.43
3	Contracting, Construction (32)	1492.78	+0.8	7.39	3.20	18.45	18.65	1480.32	1456.46	1457.17	1187.09
4	Electricals (13)	2579.25	+2.5	5.76	3.34	23.30	51.62	2262.53	2218.62	2215.30	1963.06
5	Electronics (36)	2039.37	+2.2	7.31	2.15	18.04	12.00	1995.10	1956.06	1968.02	1657.97
6	Mechanical Engineering (60)	536.44	+7.8	7.86	3.23	16.20	7.03	497.52	492.66	496.49	404.59
8	Metals and Metal Forming (7)	499.25	+1.6	7.45	3.11	16.20	5.36	491.35	481.20	479.67	350.02
9	Motors (15)	339.60	+1.6	8.92	3.13	12.93	3.24	334.34	331.18	336.26	288.78
10	Other Industrial Materials (21)	1525.08	+0.9	6.05	3.24	19.84	18.43	1511.71	1483.25	1504.86	1304.72
21	CONSUMER GROUP (185)	1247.45	+1.8	6.09	2.58	21.19	8.29	1225.33	1198.80	1208.19	892.73
22	Brewers and Distillers (22)	1158.92	+2.4	7.59	2.92	16.75	5.09	1132.10	1116.14	1120.86	918.30
25	Food Manufacturing (25)	945.36	+0.9	7.37	3.13	17.88	10.90	936.93	911.87	914.97	654.37
26	Food Retailing (16)	2378.20	+3.1	5.58	2.34	24.60	11.45	2306.36	2223.81	2226.14	1854.61
27	Health and Household Products (10)	2313.27	+2.0	4.23	1.68	27.71	8.73	2269.00	2225.51	2241.33	1478.26
29	Leisure (31)	1320.64	+1.6	5.87	3.20	22.47	14.64	1299.67	1280.22	1282.01	864.63
31	Packaging & Paper (15)	633.12	+0.2	6.17	2.61	21.12	4.97	631.82	625.40	632.59	465.83
32	Publishing & Printing (14)	3717.77	+0.2	5.83	3.04	21.94	33.22	3708.62	3678.60	3714.95	2365.4
34	Stores (36)	1091.82	+2.1	6.01	2.54	22.61	6.56	1069.57	1040.66	1057.12	862.39
35	Textiles (16)	727.19	+1.0	7.82	2.88	14.81	5.63	719.90	710.45	726.58	514.69
40	OTHER GROUPS (87)	1072.41	+2.5	7.62	3.12	16.54	8.19	1046.59	1021.63	1031.18	787.22
41	Agencies (17)	1452.68	+1.4	4.89	1.69	27.45	8.06	1432.94	1403.54	1404.35	0.0
42	Chemicals (21)	1325.88	+2.3	7.40	3.27	16.54	18.71	1295.72	1274.54	1275.10	884.11
43	Conglomerates (11)	1324.28	+0.4	6.76	3.22	17.42	7.75	1318.96	1311.61	1312.87	0.0
45	Shipping and Transport (11)	2153.01	+1.4	7.10	3.69	17.92	23.04	2122.34	2054.62	2057.29	1535.32
47	Telephone Networks (2)	1187.97	+4.7	7.87	3.15	17.32	1.09	1134.37	1086.11	1113.97	894.45
48	Miscellaneous (25)	1393.80	+1.5	9.44	3.14	12.69	17.56	1372.60	1352.30	1362.21	1012.01
49	INDUSTRIAL GROUP (483)	1127.72	+2.2	6.79	2.81	18.78	8.72	1103.54	1080.34	1088.88	831.41
51	Oil & Gas (17)	2081.41	+1.0	5.51	4.44	23.48	37.06	2060.42	1995.34	1957.45	1206.46
59	500 SHARE INDEX (500)	1208.59	+2.0	6.60	3.05	19.36	11.20	1184.71	1157.92	1162.43	864.59
61	FINANCIAL GROUP (117)	727.09	+1.1	—	4.00	—	11.06	719.06	709.42	711.61	607.86
62	Banks (8)	770.50	+1.0	18.31	4.86	7.23	15.49	762.88	750.48	754.90	676.14
65	Insurance (Life) (9)	1011.45	+2.0	—	4.16	—	20.71	991.24	986.96	990.44	804.92
66	Insurance (Composite) (7)	540.11	+0.8	—	4.53	—	11.76	536.06	528.09	529.50	508.04
67	Insurance (Brokers) (9)	1187.61	+2.2	9.00	4.54	14.35	22.64	1162.38	1157.73	1165.01	1182.80
68	Merchant Banks (11)	376.68	+0.8	—	3.33	—	2.91	373.85	370.15	370.81	354.95
69	Property (46)	1073.52	+1.3	4.28	2.67	30.29	4.36	1059.98	1039.38	1040.22	746.41
70	Other Financial (27)	474.66	+0.1	6.96	3.20	18.30	3.23	474.01	469.82	469.03	349.96
71	Investment Trusts (94)	1007.35	+1.7	—	2.32	—	6.68	990.19	974.84	972.16	745.37
81	Mining Finance (2)	496.82	−1.2	6.17	3.34	19.07	6.79	502.72	494.89	488.70	286.23
91	Overseas Traders (11)	995.23	+0.8	9.15	4.50	13.21	14.27	987.27	967.01	963.93	684.33
99	ALL-SHARE INDEX (724)	1079.39	+1.8	—	3.18	—	10.93	1060.10	1037.97	1041.33	789.37

	Index No.	Day's Change	Day's High	Day's Low	May 8	May 7	May 6	May 5	May 1	Year ago
FT-SE 100 SHARE INDEX ‡	2163.3	+36.8	2183.9	2156.2	2126.5	2077.9	2086.5	2065.1	2068.5	1603.8

FIXED INTEREST

	PRICE INDICES	Mon May 11	Day's change %	Fri May 8	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	125.40	−0.04	125.53	0.08	4.38
2	5-15 years	146.97	−0.39	147.55	—	5.03
3	Over 15 years	156.58	−0.97	158.12	—	5.16
4	Irredeemables	170.48	−0.42	171.20	—	6.07
5	All stocks	142.52	−0.39	143.11	0.03	4.88
	Index-Linked					
6	5 years	122.27	+0.58	121.57	—	0.83
7	Over 5 years	120.18	+0.31	119.81	—	1.17
8	All stocks	120.15	+0.33	119.76	—	1.13
9	Debentures & Loans	126.59	+0.38	126.95	0.84	3.79
10	Preference	87.39	+0.43	87.79	0.78	2.77

	AVERAGE GROSS REDEMPTION YIELDS		Mon May 11	Fri May 8	Year ago (approx.)
	British Government				
1	Low	5 years	7.52	7.68	7.85
2	Coupons	15 years	8.63	8.53	8.79
3		25 years	8.65	8.55	8.81
4	Medium	5 years	8.45	8.39	9.03
5	Coupons	15 years	8.83	8.74	9.14
6		25 years	8.84	8.75	9.14
7	High	5 years	8.63	8.58	9.15
8	Coupons	15 years	8.95	8.86	9.23
9		25 years	8.81	8.72	9.11
10	Irredeemables†		8.71	8.67	8.70
	Index-Linked				
11	Inflat'n rate 5%	5 yrs	2.31	2.48	3.34
12	Inflat'n rate 5%	Over 5 yrs	3.50	3.52	3.28
13	Inflat'n rate 10%	5 yrs	1.81	1.97	2.26
14	Inflat'n rate 10%	Over 5 yrs	3.39	3.41	3.13
15	Debs &	5 years	9.57	9.58	10.12
16	Loans	15 years	9.91	9.88	10.03
17		25 years	9.96	9.93	9.95
18	Preference†		10.36	10.36	10.71

‡Opening index 2156.4; 10 am 2162.6 11 am 2167.3; Noon 2178.4; 1 pm 2179.3; 2 pm 2183.8; 3 pm 2175.1; 3.30 pm 2174.9; 4 pm 2168.9

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*440)	330	113	120	—	1	3	—
	360	83	93	103	1½	5	8
	390	55	70	80	4	9	13
	420	32	45	53	10	16	20
Brit. Airways (*175)	130	46	47	—	2	3	—
	140	36	38	49	2	4	6
	160	19	26	35	7	11	13
British Gas (*115)	80	36½	39½	—	0½	1	—
	90	26½	31½	37	1	2	4
	100	18	23	28	1½	4	5½
	110	11¼	16	21½	6	8	9½
B.P. (*349)	300	57	64	73	2½	8	12
	317	44	53	—	5	13	—
	330	37	46	54	12	20	25
	360	21	30	37	22	27	34
Britoil (*290)	260	43	50	60	9	13	18
	280	31	40	48	15	19	24
	300	21	30	37	24	29	35
Cons. Gold (*965)	900	105	132	—	23	47	—
	950	75	102	127	47	67	84
	1000	50	80	102	80	97	117
	1050	35	62	—	117	130	—
Courtaulds (*440)	360	83	92	—	2	5	—
	390	57	73	77	7	11	14
	420	36	50	56	14	22	28
	460	13	26	35	32	35	40
Com. Union (*327)	240	95	—	—	1	—	—
	260	75	—	—	2	—	—
	280	56	64	—	3	4	—
	300	39	51	59	5	8	11
	330	18	33	43	14	17	—
	360	8	16	—	35	40	—
Cable & Wire (*384)	300	92	—	—	2	—	—
	330	67	75	87	4	9	17
	360	45	52	67	14	20	30
	390	21	40	50	25	35	40
G.E.C. (*229)	180	54	57	64	1	2	4
	200	34	41	48	2	8	9
	220	20	26	32	10	14	18
	240	10	18	—	18	22	—
Grand Met. (*512)	420	102	110	125	1	4	7
	460	65	75	90	5	12	15
	500	34	45	62	15	22	25
I.C.I. (*1427)	1250	205	225	262	7	20	27
	1300	160	190	225	13	30	40
	1350	120	155	193	25	45	55
	1400	92	125	163	40	65	73
Land Securities (*464)	390	75	83	90	2	7	12
	420	45	54	64	5	13	21
	460	19	29	40	17	26	36
Marks & Spen. (*255)	220	39	46	54	2	5	8
	240	22	34	39	5	10	15
	260	12	20	28	15	19	23
Shell Trans. (*1307)	1050	280	300	—	2	5	—
	1100	230	250	—	3	10	—
	1150	180	202	203	7	17	32
	1200	135	160	183	14	25	33
	1250	100	133	155	25	37	48
	1300	73	98	125	45	63	70
Trafalgar House (*377)	300	84	91	99	2	5	7
	330	54	63	73	4	10	15
	360	30	41	50	11	18	25
	390	13	22	32	23	31	41
TSB (*89)	70	20½	23½	—	1	1½	—
	80	12	16	18½	2	3	4
	90	5¼	10	13½	5	7	8½
Option		**June**	**Oct**	**Jan**	**June**	**Oct**	**Jan**
Bass (*973)	850	130	145	155	5	12	20
	900	83	105	115	8	25	40
	950	45	78	90	17	43	58
	1000	20	52	68	55	65	80
GKN (*335)	300	40	49	56	3	9	12
	330	19	30	38	11	19	25
	360	5	17	26	30	36	41
Jaguar (*570)	550	40	60	83	14	25	33
	600	17	40	53	43	48	58
	650	3	23	—	82	85	—
Option		**May**	**Aug**	**Dec**	**May**	**Aug**	**Dec**
Barclays (*523)	500	26	49	63	3	11	20
	550	3	28	42	32	42	47
	600	1	8	17	80	85	87
Midland Bk (*685)	600	87	107	122	2	7	15
	650	43	70	90	6	17	25
	700	8	44	60	25	40	45
Option		**May**	**Aug**	**Nov**	**May**	**Aug**	**Nov**
Brit Aero (*661)	600	60	90	103	2	16	25
	650	24	55	72	12	30	42
	700	3½	33	47	45	57	62
BAT Inds (*548)	500	50	70	85	3	12	18
	550	13	42	57	15	23	35
	600	2½	22	35	55	58	65
Brit. Telecom (*316)	260	57	62	67	1	3	8
	280	37	46	55	1	8	15
	300	19	34	45	3	17	19
Cadbury Schweppes (*259)	220	40	50	57	1	4	6
	240	20	32	45	1	8	12
	260	5½	20	32	7	14	21

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*332)	280	53	62	72	2	4	7
	300	33	47	60	2	10	13
	330	9	26	40	6	17	23
	360	1	14	—	30	35	—
Ladbroke (*419)	373	50	60	—	2	6	—
	403	20	40	55	5	12	20
	443	4	20	36	28	30	35
LASMO (*295)	220	77	83	90	1	6	11
	240	57	67	75	2	7	12
	260	37	50	60	4	12	16
	280	20	36	45	6	19	24
P. & O. (*643)	550	95	107	120	0½	5	8
	600	45	60	80	2	13	22
	650	9	30	47	16	28	35
Plessey (*225)	220	10	26	30	4	12	15
	240	2½	17	20	17	27	30
	260	0½	8	13	36	40	44
Racal (*253)	200	54	60	—	1	2	—
	220	34	42	50	1	6	9
	240	14	27	34	2	12	15
	260	3½	16	25	11	18	22
R.T.Z. (*1028)	850	180	190	202	3	5	17
	900	130	147	164	3	12	27
	950	79	110	135	5	20	35
	1000	35	82	105	13	37	55
	1050	13	54	75	34	60	74
Vaal Reefs (*$131)	120	12½	18½	22½	1	6½	9½
	130	4½	12½	18	4	10½	14
	140	1½	9	14½	11½	15½	19
	150	1	6	11½	21½	23	25½
Tr. 11¾% 1991 (*£110)	106	4½	4¼	4¾	0¼	0¾	0¾
	108	2½	2½	2¾	0¼	0¾	1⅛
	110	0¾	1¼	1½	0¾	1½	1¾
	112	0¼	0¾	0¾	1⅜	2⅜	3¼
Option		**Jan**	**Sep**	**Dec**	**Jan**	**Sep**	**Dec**
Amstrad (*206)	180	34	41	48	5	9	11
	200	20	28	36	11	16	18
	220	9	19	25	20	26	29
Beecham (*532)	460	80	90	98	3	11	15
	500	47	62	70	12	20	25
	550	16	36	48	35	42	50
	600	5	18	28	75	78	80
Boots (*301)	260	45	51	61	2	5	9
	280	28	38	51	6	13	17
	300	14	25	35	14	20	25
BTR (*333)	280	58	65	70	1	4	7
	300	40	50	55	4	8	12
	330	17	30	37	12	18	23
	360	6	16	24	30	35	40
Blue Circle (*885)	750	143	153	173	1	7	17
	800	930	107	128	4	15	25
	850	52	73	100	13	30	43
	900	27	43	65	38	48	65
De Beers (*$1225)	1100	200	220	245	30	55	70
	1200	135	165	205	50	85	120
	1300	75	120	160	100	135	170
	1400	25	90	130	170	195	230
Dixons (*418)	361	74	84	—	1½	4	—
	360	—	—	90	—	—	10
	381	46	58	—	8	12	—
	390	—	—	68	—	—	16
	420	22	34	46	20	24	30
Glaxo (*1520)	1350	195	245	—	10	30	—
	1400	155	210	235	17	42	60
	1450	115	175	205	30	58	78
	1500	85	145	175	50	78	100
	1550	60	120	155	80	105	125
	1600	43	100	130	110	130	150
Hanson (*170)	140	—	—	39	—	—	3½
	150	21½	27	—	1½	4	—
	160	—	—	25	—	—	8
	165	10	16½	—	5	8½	—
	180	4	9	14½	14½	17	18½
Lonrho (*278)	218	62	65	—	1½	3½	—
	236	43	49	54	2½	6	8
	255	26	35	40	5	9	13
	273	15	23	29	10	16	19
Sears (*152)	130	22	27	32½	1	3½	5
	140	13	21½	25	2	7	9½
	160	5	11	15	12	16	18½
Tesco (*554)	420	137	145	—	1	2	—
	460	97	105	120	2	4	8
	500	60	73	90	4	12	18
	550	23	42	62	20	32	35
Thorn EMI (*705)	550	162	168	—	2	4	—
	600	112	118	140	4	8	13
	650	70	80	105	10	20	27
	700	37	52	72	28	42	47
Trusthouse Forte (*256)	220	39	47	53	1	4	7
	240	21	32	38	4	9	13
	260	10	18	25	11	13	17

Option		Calls May	Calls June	Calls July	Calls Aug.	Puts May	Puts June	Puts July	Puts Aug.
FT-SE Index (*2174)	1900	283	292	307	—	2	3	8	—
	1950	233	245	265	—	2	7	15	—
	2000	183	200	220	230	4	12	20	35
	2050	133	158	180	190	6	22	32	43
	2100	87	123	142	160	14	35	50	62
	2150	52	90	110	135	35	55	68	85

May 11. Total Contracts 101,214. Calls 86,801. Puts 14,413

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§180	F.P.	15/5	205	189	Airtours 10p	205	+4	R5.4	2.5	3.6	14.9
§115	F.P.	20/5	138	128	Bellwinch 10p	135	+6	R3.2	3.7	3.1	11.5
§77	F.P.	—	105	96	‡Bonded Laminates 10p	97	−4	L2.4	2.4	3.4	17.0
§115	F.P.	8/5	163	153	Brooks Service Group	163	+4	L3.8	2.2	3.1	17.8
§80	F.P.	8/5	220	150	‡Burford Group	220	+2	u1.2	3.2	0.75	56.6
ǁǁ	F.P.	—	426	400	Calor Group 50p	437	+11	t12.0	2.6	3.8	13.9
130	F.P.	8/5	133	129	Cambridge Instrs. 5p	130	......	R0.7	8.8	0.7	14.8
§55	F.P.	12/6	98	68	‡Cambridge Isotope	82	......	R20.9	—	0.67	—
§200	F.P.	11/5	226	211	‡Castle Comms. 5p	217	+2	R7.0	2.2	4.4	13.8
115	F.P.	8/5	120	114	Church (Charles) 5p	120	+5	R2.75	3.10	3.0	14.5
§125	F.P.	—	185	145	‡Colorgraphic 10p	185	+10	L3.0	2.8	2.2	21.5
ǁǁ	F.P.	—	310	291	Contibel 50p	295	+3	t8.0	1.6	3.7	22.3
§130	F.P.	22/5	153	145	Cooper (Alan) 10p	147	+1	t4.0	2.5	3.7	14.8
§125	F.P.	29/5	153	143	Cundell Group 10p	153	......	W3.19	3.1	2.8	15.7
§135	F.P.	29/5	170	138	Doeflex 10p	170	......	L3.45	2.50	2.8	19.6
ǁǁ	F.P.	—	104	81	ERA Group 5p	104	+3	w—	—	—	52.0
§155	F.P.	15/5	195	170	‡Epwin Group 10p	187	−1	L4.0	2.6	2.8	18.3
§120	F.P.	29/5	181	160	‡Filofax 5p	162	+2	u2.7	2.8	2.2	21.7
§112	F.P.	1/5	133	115	‡Honeysuckle Gr'p 2p	120	+2	R4.1	2.5	4.7	11.7
§120	F.P.	24/4	240	185	Mallett 5p	238	......	u3.0	3.1	1.7	25.5
§120	F.P.	29/5	127	122	‡March Group 5p	122	−1	L4.2	2.4	4.6	12.1
§114	F.P.	8/5	127	114	Melville Street Inv.	122	−2	1.4	1.2	1.6	—
—	—	—	35½	25	Do. Warrants	34½	......	—	—	—	—
225	F.P.	24/4	342	225	Mercury Asset Mgmt. 5p	338	+3	R5.0	4.0	2.0	16.9
§106	F.P.	—	120	113	‡Orchid Technology	118	......	RQ2.57c	5.2	1.4	13.7
§180	F.P.	1/5	202	180	Perpetual 10p	202	+5	u2.5	4.5	1.7	17.4
§95	F.P.	10/4	102	96	RCO 10p	96	......	L3.91	2.1	5.5	11.8
§55	F.P.	3/6	88	64	‡RKF Group 10p	88	+3	u2.19	2.4	3.4	15.2
§140	F.P.	1/5	181	163	‡Reliance Sec Group 5p	168	−2	b4.5	2.5	2.3	14.4
§135	F.P.	—	230	163	‡Select Appts. 1p	230	+27	L2.5	2.8	1.5	32.9
§125	F.P.	—	165	158	‡UCL Group 5p	158	......	u2.5	2.8	2.2	22.3
§140	F.P.	15/5	185	171	Waterglade Intl. 5p	183	−2	R3.25	3.5	2.4	15.1
130	F.P.	16/3	151	134½	Wilson Bowden 10p	150	−1	L3.4	3.0	3.1	14.7
§120	F.P.	29/4	201	145	‡Wyevale Gdn. Cen. 50p	201	+3	u2.63	2.8	1.8	27.3
§133	F.P.	22/5	148	136	YRM 10p	142	+3	R4.41	3.5	2.2	16.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	101	95	Asda Prop. 10⅜% 1st Mort. Deb. 2011	100	...
ǁ	£30	3/6	50½	38	Dixons Grp Non-int-brng. Cv. Un. Ln(£1)	50½	+2½
—	F.P.	—	111	109	Estates & Gen. Inv. new 11¼% 1st Mt. Deb 2018	110⅞	...
—	F.P.	—	99p	96½p	Friendly Hotels 4¼% Cnv Cum Red Prf £1	98p	−1
—	£25	—	25⅞	25	Gt. Portland Ests. 9½% 1st Mt. Db 2016	25⅞	+⅞
§100.156	£30	13/8	35¼	30⅛	Land Securities New 10% 1st Mt Db '25	35¼	.....
—	F.P.	—	101½	100	Nationwide 3⅞% I-L Ln 2021	101	...
§98.221	£25	—	26¼	26⅛	Scot. Eastern Inv. Tst. 9¾% Deb 2020	26¼	...
ǁ	F.P.	30/6	101½	99	Second Mkt. Inv. 2½% Cnv Uns Ln 94	99	+⅛
§98.819	£20	11/9	24⅞	18⅞	TR City of Lon. Tst. 10⅛% Deb 2020	23⅞	...
8.25	Nil	—	112pm	75pm	Tops Est. 'New' 7½% Cnv. Uns. Ln. 2014	112pm	.....
§99.016	£25	29/5	29¼	25⅛	Town Centre Secs. 10½% 1st Mort. Deb. 2021	29¼	......
—	£30	9/10	34	30	Tribune Inv. Tst. 9¾% Deb 2012	34	+1⅛
§98.09	£25	1/9	26¼	25⅞	Vaux 9¾% Deb. 2015	26¼	..

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
320	Nil	—	120pm	90pm	Authority Invs. 20p	120pm	+5
130	Nil	3/7	155pm	153pm	Brent Walker 10p	155pm	.....
170	Nil	—	53pm	3pm	Campari Intl. 20p	53pm	+17
ǁ	Nil	—	50pm	45pm	Inv. in Success Wrrts.	50pm	.....
385	Nil	8/6	95pm	90pm	Speyhawk	95pm	+5
470	Nil	17/6	84pm	61pm	Vaux Group	63pm	+2
150	Nil	10/6	62pm	36pm	Walker (Alfred) 10p	46pm	.....
157	Nil	26/6	32pm	7pm	Weir Group	27pm	.....

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ǁ Offered holders of ordinary shares as a "rights." ǁǁ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

WORLD STOCK MARKETS

AUSTRIA

May 11	Price Sch%	+ or −
Creditanstalt	1940	−20
Goesser	2990	−10
Interunfall	12,000	−100
Jungbunzlauer	8650	+100
Laenderbank	1810	+10
Perlmooser	675	......
Steyr-Daimler	141	+1
Veitscher Mag	810	−10

BELGIUM/LUXEMBOURG

May 11	Price Frs.	+ or −
B.B.L.	3190	−10
Banque Gen. Du. L.	15400	......
Bank Int. A Lux.	14400	......
Bekaert B	10350	......
Ciment CBR	5050	−250
Cockerill	148	−12
Delhaize	3200	−50
EBES	4950	−60
Fabrique Nat	1840	......
GB Inno BM	1080	......
GBL (Brux)	3840	......
General Bank	6440	−50
Gevaert	6500	−320
Hoboken	7170	−180
Intercom	4305	−45
Kredietbank	4400	−100
Pan Holdings	12000	+100
Petrofina	10950	+150
Royale Belge	7310	+260
Soc Gen Belge	3755	−35
Sofina	14050	−175
Solvay	10200	−100
Stanwick Intl.	450	......
Tractebel	7280	−80
UCB	9650	......
Wagons Lits	5350	−230

DENMARK

May 11	Price Kr %	+ or −
Baltica Skand	920	−5
Cop Handelsbank	275	+1
D. Sukkerfab	342	+6
Den Danske Bank	340	+1
East Asiatic	195	+6
Forenede Bryg	670	......
GNT Holding	280	+4
I.S.S.B. Systems	740	−5
Jyske Bank	515	......
Novo Inds.*	255	......
Privatbanken	279	+2
Sophus Berendsen	830	+20
Superfos	192	......

FINLAND

May 11	Price Mks	+ or −
Amer	248.5	+1.5
KOP	51.9	+0.2
Kone	212	+4
Finnish Sugar	103.5	−2
Nokia	171.4	−0.1
Pohjola 'B'	88.4	+0.2
Rauma-Repola	27.3	+0.3
Stockmann 'B'	233.5	−4
UBF 'C'	33.9	+0.05
Wartsila (S11)	211.5	+2.5

FRANCE

May 11	Price Frs.	+ or −
Emprunt 4½% '73	1881	−79
Emprunt 7% 1973	7200	−1586
Accor	515	−6
Air Liquide	736	+6
BIC	760	+24
BNP (Cert. Inv.)	605	−9
Bongrain	3000	+20
Bouygues	1273	+23
BSN Gervais	5330	+10
CIT-Alcatel	2860	−45
Carrefour	3570	−105
Club Mediterranean	656	......
Cie Bancaire	763	−12
Cofimeg	362	−3.9
Damart	3005	+5
Darty	466	+13
Dumez S.A.	2550	+65
Eaux (Cie Gen)	1439	−16
Elf-Aquitaine	398	+10
Essilor	3245	−5
Gen. Occidentale	1265	−8
Imetal	123.10	+1.6
Lafarge Coppee	1700	−9
L'Oreal	4530	......
Legrand	5920	−50
Maisons Phenix	132	−1
Matra S.A.	2815	+132
Michelin B.	3585	+6
Midi (Cie)	1629	+13
Moet-Hennessy	2500	+3
Moulinex	117	−1
Nord Est	196	+2
Paribas	505	−4
Pernod Ricard	1135	+5
Perrier	760	......
Petroles Fra	568	+8
Peugeot S.A.	1679	+52
Printemps Au	857	−11
Radiotech	1640	−40
Redoute	3320	−10
Roussel-Uclaf	1690	−18
St. Gobain	457	+2.1
Sefimeg	479	+2
Skis Rossignol	1900	+10
Telemech Elect	3110	−20
Thompson (CSF)	1605	+10
Valeo	609	−6

GERMANY

May 11	Price Dm.	+ or −
AEG-Telef	315.50	−1.5
Allianz Vers	1718	......
BASF	277.90	+1.4
Bayer	307	−1
Bayer-Hypo	415	−3
Bayer-Verein	407	−19
BHF-Bank	413	+1
BMW	386.50	+1.5
Brown Boveri	340	−4
Commerzbank	263.50	−2.5
Cont'l Gummi	336.50	−0.5
Daimler-Benz	998	−1
Degussa	512	+3
D'sche Babcock	211.50	−1
Deutsche Bank	636	+1
Dresdner Bank	332.50	−2.6
Feld Muehle Nob	299.80	−9.2
Henkel	518	......
Hochtief	733.50	......
Hoechst	284.50	+1.5
Hoesch Werke	118.50	−0.3
Holzmann (P)	396	−2
Horten	230	−4
Hussel	585	−10
Karstadt	425.50	+0.5
Kaufhof	504.50	+2
KHD	151	−1
Kloeckner	50.60	−1.2
Linde	701	+2.5
Lufthansa	178	−0.5
MAN	165.70	−2.3
Mannesmann	169	−5.5
Mercedes Hld.	849	+2
Metallgesell	345	+2
Muench Rueck	1750	+30
Nixdorf	815	+3
Porsche	844	−6
Preussag	156	−0.8
Rhein West Elect.	225.80	−0.2
Rosenthal	242	−6
Schering	539.50	−16.5
Siemens	719	+7
Thyssen	119.40	−0.3
Varta	338	−5
Veba	291.50	+3.3
V.E.W.	160	+1.5
Verein-West	424	+1
Volkswagen	365.50	+2

ITALY

May 11	Price Lire	+ or −
Banca Com'le	24021	−78
Bastogi-IRBS	702	+7.5
CIR	6770	−120
Credito Italian	2325	+35
Fiat	13470	−15
Generali Assicur	136500	−800
Italcementi	96600	+100
La Rinascenti	1305	−6
Montedison	2820	−31
Olivetti	13750	−20
Pirelli Co	7351	−99
Pirelli Spa	5639	+29
Saipem	4300	−5
Sala BPD	4400	−69
Toro Assic	34000	−200

NETHERLANDS

May 11	Price Fls.	+ or −
ACF Holding	62.00	......
AEGON	91.50	+0.7
Ahold	106.00	−0.4
AKZO	134.20	+1.4
ABN	497.00	+4
AMEV	63.30	+0.3
AMRO	77.00	+1
Bredero Cert	48.50	+7.5
Buehrmann-Tet	54.70	+1.4
Dordtsche Petroleum	237.00	+2
Elsevier Ndu	51.50	−0.1
Fokker	50.30	......
Gist Brocades	44.70	+0.5
Heineken	179.70	+0.5
Hoogovens	42.70	+1.3
Hunter Douglas	54.70	+1.6
IHC Caland	22.30	−1
Int Mueller	69.30	+0.3
KLM	44.90	+0.3
KNP	152.50	+0.5
Nat Ned Cert	71.20	+0.6
Ned Mid Bank	163.00	+1.5
Ned Lloyd	146.00	......
Oce Grinten	414.00	−2
Ommeren (Van)	37.50	−0.1
Pakhoed	76.00	−0.2
Philips	50.50	+0.2
Robeco	102.60	+0.8
Rodamco	145.00	+0.3
Rolinco	95.10	+0.7
Rorento	52.40	+0.2
Royal Dutch	258.00	+4
Unilever	598.00	+1
VMF Stork	24.70	−0.4
VNU	320.00	+3.5
Wessanen	84.70	−0.3
Wolters Samsom	122.50	+0.5

NORWAY

May 11	Price Kroner	+ or −
Aker-Norcem	65	......
Bergen bank	177.5	+1.5
Bergesen B	290	......
Christiania Bk.	197	+5
Den Norsk Credit	157	+1
Elkem	99.5	+4.5
Kosmos	138	+2.5
Kvaerner	190	+1.5
Norsk Data	228	+15.5
Norsk Hydro	194	+13
Orkla Borregaar	380	+9
Storebrand	347	+4.5

SPAIN

May 11	Price Pts.	+ or −
Banco Bilbao	1310	+35
Banco Central	1010	......
Banco Exterior	400	......
Banco Hispano	465	+15
Banco Popular	1493	+68
Banco Santander	987	−50
Banco de Vizcaya	1825	+51
Banesto	610	......
Dragados	637	......
Hidrola	55	......
Iberduero	89.5	......
Petroleos	471	......
Telefonica	157	+3

SWEDEN

May 11	Price Kronor	+ or −
AGA (free)	202.00	−1
Alfa-Laval	336.00	−2
ASEA (Free)	336.00	+7
Astra (Free)	680.00	+3
Atlas Copco	165.00	−1
Beijer A Fria	234.00	+2
Cardo (Free)	228.00	−7
Cellulosa	365.00	−8
Electrolux B	322.00	−4
Ericsson	287.00	......
Esselte	165.00	−3
Mo Och Domsjo	350.00	......
Pharmacia	205.00	......
Saab-Scania (free)	685.00	−10
Sandvik	187.00	......
Skandia	154.00	−6
Skan Enskilda	125.00	−2
SKF	359.00	−5
St. Kopparbergs	377.00	−7
Svka Handelsbn	440.00	−6
Swedish Match	528.00	+4
Volvo B (Free)	336.00	−5

SWITZERLAND

May 11	Price Frs.	+ or −
Adia Intl.	13050	+225
Alusuisse	640	+10
Bank Leu	3250	......
Brown Boveri	1945	+10
Ciba Geigy	3110	+10
do. (PtCts)	2190	+5
Credit Suisse	3135	+15
Elektrowatt	3675	+15
Fischer (Geo.)	1700	......
Hoff-Roche (Pt Cts)	133250	......
Hoff-Roche 1/10	13375	+25
Jacobs Suchard	8875	+125
Jelmoli	3650	+50
Landis & Gyr	1570	......
Nestle	9250	+50
Oer-Buehrle	1220	+20
Pargesa Hldg	2150	......
Pirelli	422	+1
Sandoz (Br)	11975	−5
Sandoz (PtCts)	1975	......
Schindler (PtCts)	850	+20
Sika	1555	......
Surveillance	8475	+25
Swissair	1240	−10
Swiss Bank	449	+5
Swiss Reinsce	15975	+25
Swiss Volksbk	2100	......
Union Bank	4915	+45
Winterthur	6275	−25
Zurich Ins	7550	+50

AUSTRALIA

May 11	Price Aust$	+ or −
ACI Int.	4	......
A.F.P.	2.35	+0.05
Adelaide Steams	8.20	+0.1
Amcor	4.50	......
ANZ Group	6.24	+0.14
Ampol Pet	3.30	......
Ariadne Aust	3.20	......
Ashton	4.20	−0.1
Aust Guarant	3.25	......
Aust Nat Inds	3.95	+0.05
Bell Group	7.90xc	......
Bell Resources	5.94	−0.06
Bond Corp Hldgs	2.70	−0.08
Boral	4.80	......
B'ville Copper	5	......
Brambles Inds.	8.90	+0.02
Bridge Oil	1.55	......
BHP	10.10	−0.1
Burns Philip	10.25	+0.05
CRA	10.80	−0.5
CSR	3.80	−0.03
Chase Corp	3.30	+0.05
Claremont Petro	1.40	−0.15
Coles Myer	7.02	−0.04
Comalco "A"	3.30	......
Consolidated Pet	0.68	+0.12
Costain Aust	3	+0.2
Elders IXL	4.58	−0.02
Energy Res	2.50	+0.15
Gen Prop Trust	3.05	......
Hardie (J.)	3.40	−1.35
Hartogen Energy	4.60	+0.3
ICI Aust.	4	......
Industrial Equip	4.60	−0.1
Jimblana (50cFP)	0.65	−0.06
Kia Ora Gold	1.40	−0.05
Kidston Gold	8.80	......
Lend Lease	12.90	......
MIM	3.75	−0.1
Mayne Nickless	4.05	......
Nat. Aust. Bank	4.69xc	......

AUSTRALIA (Continued)

May 11	Price Aust$	+ or −
News	19.70	−0.2
Noranda Pacific	3.95	−0.05
North Bkn Hill	3.65	−0.05
Oakbridge	0.58	−0.02
Pacific Dunlop	4.45	−0.05
Pancont'l	3.75	......
Pioneer Conc	3.35	−0.05
Placer Pacific	4.20	......
Poseidon	5.30	−0.3
Queensland Coal	1.42	−0.03
Santos	6.76	+0.16
Smith (H.)	4.75	......
Thos Natwide	4.85	+0.1
Tooth	6.20	......
Vamgas	3.60	+0.02
Western Mining	7.86	+0.02
Westpac	5.26	+0.28
Woodside Petrol	2.35	−0.05
Woolworths	3.42	+0.05
Wormald Intl	3.20	−0.1

HONG KONG

May 11	Price H.K.$	+ or −
Bank East Asia	22.00	−0.1
Cathy Pacific	5.60	−0.05
Cheung Kong	40.50	+1
China Light	21.50	+0.1
Evergo	0.73	−0.01
Hang Seng Bank	37.25	+0.75
Henderson Land	6.80	......
Hong Kong China	15.90	−0.2
HK Electric	14.10	+0.5
HK Land	6.35	+0.25
HK Shanghai Bank	7.95	+0.05
HK Telephone	12.60	+0.3
Hutchison Wpa	55.50	......
Indust Equity P	21.50	−0.5
Jardine Math	18.20	+0.8
New World Dev	11.20	−0.1
SHK Props	15.30	+0.1
Shell Elec. Mfg.	1.30	+0.02
Swire Pac A	18.70	+0.2
TV-B	12.70	+0.1
Wharf Hldgs	8.05	+0.1
Windsor Ind.	10.40	+0.1
World Int Hldgs	3.90	+0.03

JAPAN

May 11	Price Yen	+ or −
Ajinomoto	3680	−80
All Nippon Air	1890	−50
Alps Electric	1360	−20
Asahi Chemicals	1200	−10
Asahi Glass	2030	−20
Bank Tokyo	1870	+30
Bridgestone	862	−3
Brother Inds.	586	+6
Canon	765	+17
Casio Computers	910	−10

JAPAN (Continued)

May 11	Price Yen	+ or −
Nippon Seiko	461	−9
Nippon Shimpan	1230	+20
Nippon Steel	396	−2
Nippon Suisan	638	+8
Nippon Yusen	646	+1
Nissan Motor	716	−5
Nisshin Flour	1390	......
Nomura	5730	+40
Olympus	985	+5
Onoda Cement	720	+15
Orient Finance	1450	+20
Orient Leasing	3450	−50
Pioneer	1770	+10
Ricoh	775	+25
Sankyo	1940	−40
Sanwa Bank	3530	......
Sanyo Elect	465	−2
Sapporo	2040	......
Sekisui Prefab	2210	+30
Seven-Eleven	6810	−110
Sharp	865	......
Shimizu Const.	1090	−30
Shionogi	1880	−10
Shiseido	1970	−30
Showa Denko	685	−18
Sony	2800	......
S'tomo Bank	4890	+40
Sumitomo Chem	890	−5
Sumitomo Corp	1170	−30
S'tomo Elect	1530	−18
S'tomo Metal	246	+4
Taisei Corp	1250	−20
Taisho Marine	1490	−30
Taiyo Kobe Bank	1880	......
Takeda	3580	−50
TDK	2920	+10
Teijin	811	−24
Toa Nenryo Kyo	2150	−30
Tokai Bank	2460	−20
Tokyo Marine	2890	+40
Tokyo Elect Pwr	8760	−50
Tokyo Gas	1480	−30
Tokyu Corp	1980	......
Toppan Print	1630	−10
Toray	775	−15
Toshiba Elect	796	+6
Toyo Seikan	2220	+20
Toyota Motor	1640	+20
UBE Inds.	475	+4
Victor	1780	......
Yamaha	725	−20
Yamaichi Sec	2870	−30
Yamanouchi	3970	−100
Yamazaki	1820	−70
Yasuda Fire	1440	−10

SINGAPORE

May 11	Price $	+ or −
Boustead Hldgs	1.74	+0.18
Cerebos Pacific	5.50	......
Cold Storage	4.10	+0.12
DBS	13.70	+0.1
Genting	6.75	+0.1
Haw Par Bros	4.26	......
Hong Leong Fin.	3.52	+0.12

SOUTH AFRICA

CANADA

TORONTO

Closing prices May 11

MONTREAL

Closing prices May 11

Indices

NEW YORK — DOW JONES

OVER-THE-COUNTER *Nasdaq national market, closing prices*

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LONDON — Most Active Stocks

Monday, May 11, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Brit Gas	29.94m	113	+ 2½	Hanson Tr	13.88m	168	− 1
Brit Telecom	21.80m	313½	+13½	Plessey	12.08m	221	+ 5
TSB	20.54m	89	+ 3½	BP	11.98m	346	unch
Sears	20.99m	153½	+ 9½	Brit Airways	11.08m	171	+ 6
ASDA-MFI	15.08m	172½	+ 5½	Cble & Wire	10.89m	381	+21

TOKYO — Most Active Stocks

Monday, May 11, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	209.1m	396	− 2	Kobe Steel	30.9m	322	+10
Nisshin Steel	98.5m	390	+11	Tokyu Land	29.8m	990	+30
Toshiba	64.5m	796	+ 6	Kubota	23.6m	649	+37
Mitsui & Co	57.9m	915	+21	Asahi Chem Ind.	21.9m	1,208	−18
Nippon Kokan	45.8m	369	− 7	Toyobo	16.4m	597	+16

LONDON Chief price changes

(in pence unless otherwise indicated)

RISES:

Assoc.Brit.Ports	529	+26
Beales (J.)	315	+29
Clayton, Son	245	+19
Delyn Pack	422xd	+32½
Devenish (J.A.)	235	+11
Eng.Ch.Clays	440	+21
Geers Gross	77	+ 9
Glaxo £	15¼xd	+1⅜
Grand Metr.	512	+21
Hunting Gr.	168	+18
ICI	£14¼	+⅜
Ingram (H.)	153	+18
Jacks (Wm.)	73xd	+23
KLP	462	+35
Ladbroke	417	+17
LASMO	293xd	+17
Micro-Scope	147	+54
NatWest Bk.	632	+12
Nort.Opax	160	+10
Polly Peck Intl.	268	+16
Rank Org.	751	+27
Redland	485	+16
Sainsbury (J.)	571	+25
Sears	153½	+ 9½
Smith & Neph.	167½	+ 8½
Tarmac	540	+14½
Tate & Lyle	806	+16
Tyndall Hldgs.	369	+16
Whitbread A	374	+16

FALLS:

Treas. 12½pc 2003-05 .... £131¹⁵⁄₃₂ − 1¹¹⁄₃₂

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33 3/8	20 1/8	AAR s	.50	1.6	22	247	31 1/4	30 7/8	31	+ 1/2
37	21 7/8	ADT	.92	2.9	18	730	31 1/4	31 1/8	31 1/4	+ 1/8
41 1/2	23 5/8	AFG	.12e	.3	11	244	39 3/8	38 7/8	39	
44 3/4	16 3/4	AGS			22	332	44 1/4	42 3/4	42 3/4	−1
13 3/4	6 3/4	AMCA				28	8	7 7/8	8	+ 1/4
8 3/8	4 7/8	AM Intl				2551	6 5/8	6 3/8	6 1/2	
62 1/8	47 1/4	AMR			11	4584	55 3/4	54	54 1/8	−1 1/8
27 1/2	25	ANR pf	2.67	10.		4	26 1/2	26 1/2	26 1/2	+ 3/4
11 5/8	8	ARX s			12	219	10 1/4	10	10 1/4	+ 1/4
73 1/2	28 3/4	ASA	2a	3.1		1032	64 1/8	62 3/4	64	+ 5/8
20	9 3/4	AVX		1.7	97	291	20	19 3/8	19 3/8	− 5/8
67	41	AbtLb s	1	1.7	25	5056	61 1/4	59 1/8	60 1/4	+ 1/4
34 3/4	25	AccoWd	.62	2.1	19	142	30	29 1/2	29 5/8	− 1/4
15 1/8	9	AcmeC	.40	3.1	8	119	13 1/4	13	13	+ 1/8
8 3/8	6 1/8	AcmeE	.32b	4.1	30	10	7 7/8	7 3/4	7 3/4	
23 7/8	19	AdaEx	3.42e	17.		207	21 1/4	20 5/8	20 5/8	− 1/8
19 1/2	11 3/8	AdmM s	.24	1.4	13	25	17	16 7/8	16 7/8	+ 1/8
21 1/2	12 1/8	AdvSys	.62t	3.2	15	847	19 1/4	17 3/4	19 1/4	+ 1 1/4
28 1/2	12 7/8	AMD				10133	22 3/4	21 7/8	22 1/4	+ 1/2
54 3/4	49 3/8	AMD pf	3	5.6		54	53 7/8	53 3/4	53 7/8	+ 3/8
10 3/4	5 1/4	Acobe				282	10	9 7/8	10	+ 1/8
20 1/2	13 3/4	Adob pf	1.84	9.3		13	19 3/4	19 5/8	19 3/4	
21 7/8	16 3/8	Adob pf	2.40	12		4	21	20 3/4	20 3/4	
18 3/8	11 1/2	Advest	.12a	.8	11	396	15 3/8	14 5/8	14 7/8	+ 1/8
68 1/4	53	AetnLf	2.76	4.7	9	4704	59 1/2	57 7/8	58 1/8	+ 1/4
53 5/8	51 1/8	AetL pf	2.81e	5.4		2	52 3/8	52 3/8	52 3/8	+ 1/8
50 3/4	22 1/2	AfilPb s	.32	.6	27	x618	u52	49 5/8	51 5/8	+ 1 3/4
28 3/4	18 7/8	Ahmnss	.88	4.3	6	5570	21 7/8	20 1/2	20 1/2	−1
5 3/4	2 7/8	Aileen				34	4 1/2	4 3/8	4 3/8	
49 1/2	29 1/8	AirPrd	.80	1.8	247	4718	45 3/8	43 5/8	44 1/2	+ 3/4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

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NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
27⅜	9½	OnLine			26	52	26⅝	26	26	−⅛
18½	9⅞	Oneida .40		2.5		x61	16½	16⅛	16¼	
44	28⅝	ONEOK2.56		7.8	17	243	33⅝	32⅞	33	+⅛
15	6	OrangCo				33	9⅞	9⅝	9⅝	−⅛
40	27	OranRk2.16		6.9	11	115	31⅝	31½	31½	−⅛
3⅝	1½	Orient				119	3⅜	3⅛	3¼	
36⅝	22⅛	OrionC .76		3.4		62	22⅝	22⅛	22⅝	+⅛
32	22	OrionCpf1.12		5.5		15	22⅜	22¼	22⅜	+⅛
19⅝	10⅛	OrionP			31	266	13⅞	13⅜	13½	
12⅞	8⅝	Orion pr .50		5.1		18	10	9¾	9¾	−⅛
38½	23⅞	Outbdl4.64		2.0	33	x701	32⅝	31¼	31¼	
30¼	18	OvShip .50		2.1	18	x954	24⅛	23½	23½	−⅛
32⅝	8⅞	OwenCn			13	2182	30¾	28⅝	29	−1
18	13⅞	Oxford .50		3.3	15	x60	15⅜	15	15⅛	+¼
		P Q								
39⅝	29⅛	PHH 1.04		2.8	17	183	36⅞	36⅜	36⅝	+⅛
46¾	29¼	PPG s 1.08		2.5	15	3536	43⅛	42⅝	42⅝	−⅛
17⅜	14¾	PacAS 1.64		9.9		35	15⅝	15½	15⅝	+⅛
27½	19⅞	PacGE 1.92		9.3	10	7190	21¼	20¾	20¾	−⅛
59	45	PacLtg3.48		6.1	13	816	57¼	55⅞	56⅝	+⅝
17⅜	13	PacRes			11	301	16¼	16⅛	16⅛	−⅛
27	22¾	PacRs pf 2		7.7		35	26⅛	25⅞	25⅞	−⅛
17⅞	13	PacScl .40		2.4	31	48	17¼	16⅞	17	+⅛
31⅛	23¼	PacTels1.64		6.7	10	8580	25⅛	24⅝	24½	
39	31⅜	Pacificp2.52		7.6	9	3824	33⅝	32¾	33⅛	+⅛
25⅞	14¼	PacoPh			20	258	23⅜	22¼	22½	−¾
39⅛	26	PainW s .52		1.7	12	1273	31½	31	31	−½
28½	23½	PainW pf1.37		5.9		21	23⅝	d23⅜	23⅜	−¼
7¼	4	PanAm				4803	4⅝	4⅜	4⅜	−¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
14	11½	Rymer pf1.17		9.8		7	12	12	12	
		S S S								
12⅝	8½	SL Ind .17b		1.6	14	180	11	10⅝	[illegible]	[illegible]
47	30⅞	SPSTec .96		2.3	15	62	42	41¾	[illegible]	[illegible]
22⅞	11½	SSMC n				208	21¾	21¼	[illegible]	[illegible]
17⅞	10⅝	Sabine .04		.2		744	16⅞	15⅞	[illegible]	[illegible]
14⅝	10⅞	SabnR 1.25e		9.9	9	x384	13⅛	12⅝	[illegible]	[illegible]
19⅝	11⅛	SfgdSc			14	134	17⅜	17	[illegible]	[illegible]
9	3⅛	SfgdS wt				30	6¼	6	[illegible]	[illegible]
30	18½	SaftKl s .24		.8	31	373	29⅜	28¾	[illegible]	[illegible]
39	28	StJoLP1.96		5.7	9	27	34¼	33⅝	[illegible]	[illegible]
17½	8½	vjSalant				10	42	11⅜	11	[illegible]
81	45	SallieM .36		.5	22	1188	75½	74¾	[illegible]	[illegible]
55⅞	33⅜	Salomn .64		1.9	11	7122	34¼	d33⅛	[illegible]	[illegible]
42½	30⅝	SDieGs2.50		7.4	11	411	34¼	33¾	[illegible]	[illegible]
9½	6⅞	SJuanB40e		5.3	15	390	7⅝	7⅝	[illegible]	[illegible]
12⅝	8¼	SJuanR 2e				2	12⅛	11⅞	[illegible]	[illegible]
33	25	SAnitR2.04		6.5	14	94	31½	31	[illegible]	[illegible]
26⅝	16¼	SFeEP 2.86		14.		191	20⅝	20¼	[illegible]	[illegible]
48⅞	28¼	SFeSoP 1		2.2		12592	45¾	44½	[illegible]	[illegible]
49⅛	28⅛	SaraLee 1		2.5	18	4803	41	40	[illegible]	[illegible]
19	18	SaulRE .20		1.2	42	1	16½	16½	[illegible]	[illegible]
23⅛	15	SavEP s 1		6.0	9	90	17	16½	[illegible]	[illegible]
4⅛	1⅛	Savin				2968	1⅝	1⅛	[illegible]	[illegible]
6¾	3⅛	Savin pf				2	4½	4½	[illegible]	[illegible]
42⅞	30⅞	SCANA2.32		6.8	11	645	34⅜	33⅞	[illegible]	[illegible]
10	8⅛	Schr n				870	8⅝	8⅜	[illegible]	[illegible]
102	68⅞	SchrPlo 2		2.2	20	3001	92⅝	90½	[illegible]	[illegible]
51	34	SchPl wi				7	48¾	48¾	[illegible]	[illegible]
45¾	27¼	Schlmb1.20		2.7		22336	u46⅛	44⅝	[illegible]	[illegible]
18⅛	6½	SciAtl .12		.7		3464	u18½	17½	[illegible]	[illegible]
82½	52¾	ScottP 1.36		2.0	13	1599	70⅞	68¼	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		X Y Z								
80¾	45⅝	Xerox 3		3.8	19	6117	u81¼	80	80	+¾
58¼	55	Xerox pf5.45		9.8		63	55¾	55⅜	55½	+⅛
28¾	21½	XTRA .64		2.5		528	26⅞	25⅝	26	
24½	13½	Yorkin			15	133	23¾	23¼	23¼	
8	2¼	Zapata				1521	5¼	5	5	−¼
43⅞	20¾	Zayre s .40		1.7	15	2006	23¼	22⅞	23	
14¾	9¾	Zemex .40		3.0	8	28	13¾	13⅛	13⅛	
29	10⅞	ZenithE				1773	27½	26½	26¾	+¼
17½	6	ZenLb s				2043	10½	9¾	10¼	+⅜
19⅞	12⅝	Zero .36		2.0	19	x321	17⅞	17⅝	17⅞	+⅛
51⅞	32¾	Zurnln 1.32		2.8	18	143	47¼	46½	47	−⅜
10⅝	8¼	Zweig n.10e		1.1		878	9⅝	9⅛	9⅛	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Inflation fears send shares into reverse

WALL STREET

FEARS of inflation sent bonds skidding and aborted a brisk stocks rally on Wall Street yesterday, *writes Roderick Oram in New York.*

Bonds had opened higher with the help of a stable dollar but succumbed to jitters over the inflationary impact of rising commodities prices. The price of the new Treasury benchmark long bond finished the day down 2 points at just below its price at last Thursday's auction.

The Dow Jones industrial average closed down 15.00 points at 2,307.30. It had held on to a 45 point gain until the last hour and a half of trading when it finally bowed to pressure from the retreating bond market.

The sharpest declines came in blue chips which left the Standard & Poor's 500 off 1.80 points at 291.57 and the New York Stock Market composite index down 0.79 at 164.70. In contrast the American Stock Exchange composite index closed up 0.70 at 334.72.

NYSE trading was heavy at 203.7m shares. Advancing issues had led those declining by a ratio of three-to-one during the morning but were level pegging at the close. Buying by foreign investors had been strong in the morning although some domestic institutional investors were active sellers to realise profits, particularly in the afternoon.

Some oil stocks managed to hold to most of their morning gains as crude oil prices continued their rise. Exxon rose $1⅞ to $86½, Chevron fell $⅝ to $59, Amoco fell $1⅛ to $86¾, Atlantic Richfield advanced $1 to $93¾ and Mobil gained $⅝ to $50⅝.

Texaco gained a further $2½ to $38 and was the New York Stock Exchange's most active issue with more than 6m shares traded. It had gained $1½ on Friday on growing rumours it would either settle its legal battle with Pennzoil or be a takeover target. Pennzoil rose $2½ to $2¾ to $86¾.

Phillips Petroleum fell $1 to $16. Dean Witter's oil analyst forecast earnings of 30 cents per share this year compared with 55 cents in 1986 because of continuing pressure on the group's US exploration and production operations.

Chrysler added $½ to $40½ on news it would reorganise its parts manufacturing business into a wholly-owned subsidiary. Some observers suggest this might be a preliminary move to a flotation of the business which has annual revenues of about $2.7bn.

In the takeover arena, Burlington Industries rose $1⅛ to $66. It said it would buy back 8m shares, about 30 per cent of those outstanding, at $80 each to counter a $70 a share offer from an investment group led by Mr Asher Edelman, the New York corporate raider, and Dominion Textile of Canada.

Caremark jumped $2¾ to $20 in heavy over-the-counter trading. The medical services group announced a definitive agreement under which Baxter Travenol, down $1⅛ to $23½ will offer $21.33 worth of its stock for each Caremark share.

COMPAQ Computer rose $1⅛ to $44½ after several analysts raised their earnings estimates. Computer stocks generally were strong with IBM falling $¾ to $163, Digital Equipment slipping $¼ to $167, Hewlett-Packard down $1⅛ to $59¾, Cray Research losing $4½ to $113 and Unisys giving up $3⅞ to $117⅞.

With the help of an initially stable dollar, credit markets opened yesterday with modest price increases of around ⅜ of a point. But reports of higher commodities prices made markets apprehensive about inflation and prices began to fall. A slight slippage in the dollar's value accelerated the downturn. Trading was heavy between dealers but retail trading was light.

The new 8.75 per cent benchmark Treasury long bond finished the day down 2 points at 99⅞ in the "when issued" market. Its yield was 8.79 per cent against an average of 8.76 per cent for the bids accepted at its auction last Thursday.

CANADA

FIRMER bond and dollar markets combined with Wall Street's confident opening to boost Toronto prices across the board in active trade.

Resource stocks led advances and actives with Inco, the busiest stock, adding C$½ to C$26¼ and Falconbridge C$½ to C$23½.

Among similarly strong industrial shares, Canadian Pacific added C$¼ to C$25 ½

Montreal advanced across the board. Vancouver slipped.

SOUTH AFRICA

DESPITE some support from a lower financial rand, Johannesburg gold shares eased slightly as the bullion price remained little changed.

Southvaal lost R3.00 to R220.00, Buffels R1.50 to R71.50 and Anglo American Gold R7.00 to R363.00. Driefontein was also lower, by R2.00 at R81.00, and Freegold fell R4.50 to R54.00.

Other minings were quietly steady, with De Beers and Rustenburg, the diamond and platinum shares, steady at R29.65 and R53.00 respectively.

Terry Byland and Janet Bush report on continued investor confidence in the UK

London soars to record on poll news

LONDON SHARE prices soared to new peaks yesterday in anticipation of the news that the general election would be held on June 11.

But sterling and UK Government bond prices were hit by a sense of anti-climax after the announcement following weeks of intense speculation about the timing of the poll.

UK financial markets had surged ahead at the end of last week in anticipation of the election date announcement and some profit-taking had been widely expected.

Pre-election enthusiasm has been most marked in the equity market. At midsession, with the market poised for a statement from Prime Minister Margaret Thatcher's Downing Street office, the FT-SE stock index was more than 50 points up and the value of London's quoted equities showed an increase of more than £10bn ($16.6bn) from Friday night.

Share prices closed well off the top but nevertheless at all-time peaks as the announcement prompted investors to take profits. The FT-SE index ended at 2,163.3, a net rise during the session of 36.8, while the FT Ordinary index finished 28.2 ahead at 1686.9, both records.

Major market indices have risen by about 5 per cent over the past two sessions, still a far cry from the 10 per cent surge posted in the market's record session of January 24, 1975.

Yesterday's widespread advance appeared to reflect continued confidence by foreign investors in the UK economic outlook as well as an optimistic view of the Thatcher Government's election prospects.

"For overseas investors, Great Britain plc represents the best buy in the market, anywhere in the world. Where else can he find a country with a strong currency and good growth prospects?" commented Dr K. Banarji of Nomura Securities.

But the mood of optimism did not appear to be shared by the UK Government bond market, which closed around ¾ point lower.

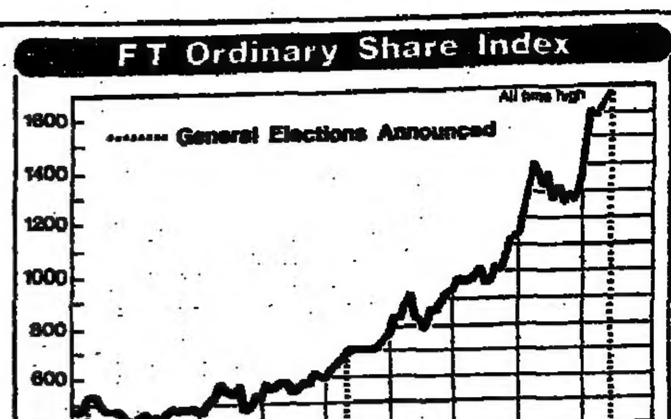
The gilt-edged market is labouring under the prospect of sales of stock this week totally £2bn, including £1bn of short-dated gilts in Wednesday's first experimental auction.

There also seems to be a clearer perception of official interest rate policy in this market. The Bank of England's strong signals on Friday that it did not want to be pushed by financial markets into further, swift cuts in interest rates have had an impact.

Sterling had a mixed day. During the morning, the pound remained strong in anticipation of the announcement from Downing Street, prompting another bout of intervention to cap its rise by the Bank of England. This is believed, however, not to have been on the same scale as Friday's sales of the pound.

The statement itself seemed to act as a signal to take profits, and sterling ended lower overall.

Market details, Page 44



EUROPE

Frankfurt fails to sustain dollar optimism

THE firmer dollar lent early support to most European bourses, although not all could sustain the momentum. Norwegian and Spanish share prices rallied from last week's sharp losses on improved domestic news.

Frankfurt finished mixed after an early rise fuelled by the dollar's recovery fizzled out. The market also found little support from expectations of a fall in domestic interest rates. The Commerzbank index rose 3.8 to 1,796.8.

Pharmaceutical Shering continued to feel a hangover from last week's disappointing results and slipped DM 16.50 to a 12-month low of DM 539.50 in busy trade.

Foreign selling depressed industrial group Feldmühle-Nobel from DM 9.20 to DM 299.80, continuing the slide which has followed news that utility Veba is to buy most of its chemicals division. Veba put on a further DM 3.30 to DM 291.50.

Siemens added DM 7.00 to DM 719.00, but other blue chips were mixed. In cars, Daimler lost DM 1 to DM 998.00 while VW picked up DM 2.00 to DM 365.50 and BMW added DM 1.50 to DM 586.50.

Chemical Hoechst was DM 1.50 higher at DM 284.50, BASF rose DM 1.40 to DM 277.90 but Bayer lost DM 1.00 to DM 307.00. Engineering stock Mannesmann lost DM 5.50 to DM 169.00 and MAN was DM 2.30 off at DM 165.70.

Banks continued weak.

Zurich rose in moderate trade. Dollar-sensitive bank stocks firmed, with UBS bearer rising SFr 45 to SFr 4,915 and Swiss Bank Corporation bearer SFr 5 stronger at SFr 449.

In foods, Nestlé bearer shares added SFr 50 to SFr 9,250 and chocolate and coffee stock Jacobs Suchard picked up SFr 125 to SFr 8,875. Retailer Globus put on SFr 150 to SFr 8,850.

Insurers were mixed, while chemicals were marginally higher.

Amsterdam was helped higher by the dollar's strength and Wall Street's bright start. International shares responded well, with Royal Dutch up Fl 4 to Fl 258.00 prior to today's announcement of first quarter results.

Akzo was Fl 1.80 higher at Fl 134.30, Unilever was up Fl 1.00 at Fl 598.00, KLM rose a marginal 30 cents to Fl 44.90 and Philips was 20 cents better at Fl 50.50.

Brussels stumbled over continued worries about the Government's ability to survive a dispute between its French and Flemish-speaking communities. The Brussels SE index was 24.3 off at 4,606.64.

Holding share Reserve lost BFr 40 to BFr 3,755, while electrical Gevaert was BFr 320 lower at BFr 6,500.

Paris firmed slightly on the dollar's strength. Leading the way was Peugeot, which jumped FFr 52 to a year's high of FFr 1,679, before announcing strongly higher 1986 profits. Matra added FFr 132 to FFr 2,815, a rise of 4.9 per cent.

Milan was mixed in busy trade, with selling centred on blue chips.

Montedison fell L31 to L2,820 and Snia-BPD fell L69 to L4,400.

Madrid rallied on bargain-hunting following last week's sharp losses. Expectations of favourable inflation figures also supported the market. Utilities, constructions, metals and chemicals led advances.

Stockholm fell in dull trade. Saab Scania continued to slip, losing SKr 10 to SKr 685. Volvo fell SKr 5 to SKr 336.

Oslo recovered strongly, led by oil stocks amid market expectations of a rise in crude prices.

ASIA

Nikkei peaks despite vertigo

TOKYO

SHARP EARLY gains lifted Tokyo shares to another record close although gains were pared by a fit of nerves over the dizzy level of prices, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average rose 153 shortly after the opening, continuing Friday's 381 gain, but later fell steadily to close at 24,608.22, up only 18.99. Trading totalled 1.26bn shares compared with 2.03bn on Friday. Gains led losses 454 to 410, with 140 issues unchanged.

Institutions as well as individual investors had been active on Friday, boosting transactions sharply in the wake of unexpectedly strong Japanese purchases at auctions for US Treasury notes and bonds.

Prices opened higher yesterday as the bullish sentiment continued amid expectations of a cut in the official discount rate.

But buying proved short-lived and small-lot profit-taking soon set in. Officials at leading brokerage houses blamed the weaker tone on wariness over high prices and said there was no major change in underlying factors.

Nippon Steel led the active list with 209.7m shares, but finished Y2 lower at Y396 after temporarily registering a record high of Y403.

Other major large capital stocks also fell, with Nippon Kokan and Mitsubishi Heavy Industries losing Y7 each to Y380 and Y623, and Ishikawajima-Harima Heavy Industries dropping Y17 to Y728.

However, second-liners in the large-capital sector were generally firmer. Nisshin Steel gained Y11 to Y390 on the second heaviest turnover of 98.94m shares, while Kobe Steel closed Y10 higher at Y322 and Sumitomo Metal Industries rose Y4 to Y246.

Leading constructions eased, but housing-related issues advanced. Taisei Corp. and Kajima lost Y20 each to Y1,250 and Y2,080, but Kubota added Y37 to Y649, Misawa Homes Y70 to Y2,740 and Sekisui House Y30 to Y2,210.

Toyobo, which had been neglected recently, gained Y16 to Y597 as investors bought on its link with AIDS virus work.

Mitsubishi Chemical also rose Y50 to Y1,080, but other major AIDS-related issues declined, with Ajinomoto falling Y80 to Y3,880, Takeda Chemical Y50 to Y3,580 and Sankyo Y40 to Y1,940.

Financial stocks lost their morning strength, but still finished higher. Sumitomo Bank, Tokio Marine and Fire Insurance, and Nomura Securities each closed Y40 higher at Y4,890, Y2,890 and Y5,730.

Bond prices seesawed violently amid speculative trading by dealers. When one dealer purchased, others soon followed, but an increase in selling led to panic offloading.

The yield on the 5.1 per cent government bond due in June 1996 rose sharply from 2.740 per cent on Friday to 2.845 per cent, but closed at 2.770 per cent as the price of the bond climbed back up again.

Foreigners buy NTT on grey market, Page 27

AUSTRALIA

TRADING was fairly subdued in Sydney as investors awaited the Government's economic statement tomorrow when spending cuts of A$2 to A$3bn are expected to be announced.

Some industrial shares found demand but resources and golds were lower after their recent strong gains and the All Ordinaries index eased 5.8 from Friday's record to 1,821.3.

Transport company TNT, which plans a one-for-five bonus issue after a large rise in nine-month operating profits, added 10 cents to A$4.85. Bond Corp eased 8 cents to A$2.70;

HONG KONG

THE BUYING momentum spilled over into another day's trading in Hong Kong, where shares closed well up on foreign and local institutional buying. The stability of the US dollar, to which the local currency is tied, gave an extra boost to the market.

The Hang Seng index was up 41.87 at 2,846.93 while the Hong Kong index rose 27.15 to 1,838.00

Utility and property shares led gains, with Hongkong Telephone up 30 cents at HK$12.60 and Hongkong Land adding 25 cents to HK$6.35. Trading in Henderson Land was suspended following news of its planned share placing.

Also in heavy demand, Cheung Kong rose HK$1.00 to HK$40.50 and its associate Hutchison Whampoa gained HK$2.50 to HK$58.

SINGAPORE

A SURGE of buying by foreign and local institutions lifted Singapore share prices to a new high, with the Straits Times industrial index rising 13.85 to 1,156.20.

In active trading, attention returned to Singapore quality stocks, pushing several up sharply, while recently popular Malaysian second-liners made smaller gains.

Property and shipping stocks did particularly well. Among major advances, Singapore Airlines was up 30 cents at S$12.80, Singapore Land gained 20 cents to S$7.10, City Development was also 20 cents ahead at S$4.30 and Singapore Steamship put on 10 cents to S$2.29.

Avimo, which started trading last week, added 4 cents to S$4.62 as 1.1m shares changed hands.

Leading active was Malaysian Resources, up 2 cents at 44 cents on 2.7m shares traded. Paper Products rose 4½ cents to 60½ cents on 2.6m shares.

More foreign brokers allowed in, Page 27

Malaysia boosts share fund for foreign investors

THE MALAYSIA Fund – the first of its kind – was successfully launched on the New York Stock Exchange last Friday and has been increased by 15 per cent from $84m to $96.6m, *writes Wong Sulong in Kuala Lumpur.*

Arab Malaysian Merchant Bank, one of the four underwriters and managers, said yesterday that the 8.05m shares, priced at $12 each, were quickly taken up by institutional investors.

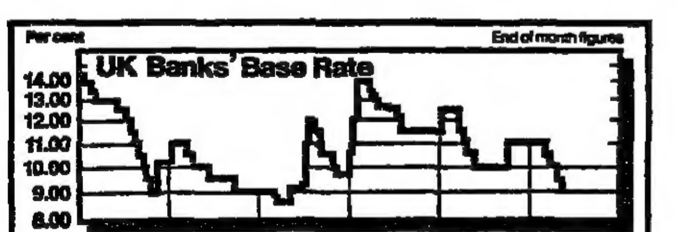
The fund has been established to give US and Japanese investors, who have traditionally by-passed the Malaysian market, a chance to invest in the Kuala Lumpur Stock Exchange.

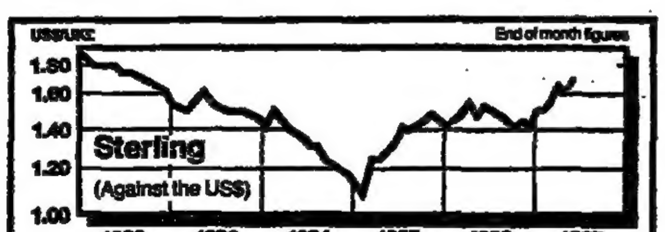
About 80 per cent of the fund would be invested in the exchange's stocks while the remainder would go to unlisted Malaysian companies.

Market analysts say the enthusiasm shown towards the fund is partly due to the strong recovery of Malaysian stocks and incentives given by the authorities to the fund's investors, including exemption from withholding tax.

In another development, Public Bank is reported to have finalised its takeover of G.P. Securities. It would be the first bank to buy a 100 per cent stake in a local broking firm. Arab Malaysian Merchant Bank bought a 61 per cent stake in Kris Securities last year.

KEY MARKET MONITORS





STOCK MARKET INDICES

	May 11	Previous	Year ago
NEW YORK			
DJ Industrials	2,307.16	2,322.30	1,789.43
DJ Transport	951.30	957.38	788.03
DJ Utilities	203.71	205.49	182.91
S&P Comp.	291.57	293.37	237.85
LONDON FT			
Ord	1,686.9	1,658.7	1,330.5
SE 100	2,163.3	2,126.5	1,601.5
A All-share	1,079.39	1,060.10	789.37
A 500	1,208.59	1,184.71	864.58
Gold mines	428.3	438.7	258.1
A Long gilt	8.81	8.72	9.03
World Act. Ind (May 8)	134.11	133.44	89.67
TOKYO			
Nikkei	24,608.22	24,589.23	16,195.0
Tokyo SE	2,163.76	2,169.89	1,280.85
AUSTRALIA			
All Ord.	1,821.3	1,827.1	1,232.1
Metals & Mins.	1,232.8	1,251.4	503.5
AUSTRIA			
Credit Aktien	191.05	191.37	268.06
BELGIAN SE	4,605.60	4,630.90	(c)
CANADA			
Toronto Met.& Mins.	2,943.6	2,939.7	2,065.0
Toronto Composite	3,824.5	3,818.1	3,056.1
Montreal Portfolio	1,902.46	1,896.15	1,561.16
DENMARK SE			
SE	201.90	201.98	238.98
FRANCE			
CAC Gen	458.20	(c)	407.5
Ind. Tendance	114.10	(c)	95.62
WEST GERMANY			
FAZ-Aktien	584.10	582.97	676.65
Commerzbank	1,796.60	1,792.80	2,049.3
HONG KONG Hang Seng	2,846.93	2,805.06	1,851.21
ITALY Banca Comm.	742.58	745.60	824.98
NETHERLANDS ANP CBS			
Gen	286.90	285.60	262.7
Ind	259.50	259.30	252.4
NORWAY Oslo SE	414.25	399.83	333.93
SINGAPORE Straits Times	1,156.20	1,141.43	584.41
SOUTH AFRICA JSE			
Golds	—	2,217.0	1,190.2
Industrials	—	1,670.0	1,126.9
SPAIN Madrid SE	207.21	202.69	190.96
SWEDEN J & P	2,743.40	2,764.60	2,247.85
SWITZERLAND Swiss Bank Ind	599.30	595.80	590.7

COMMODITIES (London)

	May 11	Prev
Silver (spot)	487.35p	487.5p
Copper (cash)	£919.00	£907.80
Coffee (July)	£1,350.00	£1,307.50
Oil (Brent)	$18.775	$18.475

GOLD ($/oz)

	May 11	Prev
London	$454.50	$455.25
Zürich	$453.75	$453.50
Paris (fixing)	$453.38	$455.65
Luxembourg	$453.35	$456.00
New York (June)	$457.70	$456.70

CURRENCIES (London)

	US DOLLAR May 11	US DOLLAR Previous	STERLING May 11	STERLING Previous
$	–	–	1.6585	1.6750
DM	1.7965	1.7885	2.98	2.995
Yen	139.90	139.65	232.00	234.00
FFr	6.0025	5.9725	9.955	10.005
SFr	1.4770	1.4700	2.45	2.4625
Fl	2.0255	2.0160	3.36	3.375
Lira	1,297	1,291	2,151	2,162.5
BFr	37.30	37.15	61.85	62.25
C$	1.3345	1.3370	2.2140	2.2385

INTEREST RATES

	May 11	Prev
Euro-currencies (3-month offered rate)		
£	8$\frac{13}{16}$	8⅞
SFr	3⅞	3⅞
DM	3¾	3¾
FFr	8$\frac{7}{16}$	8$\frac{7}{16}$
FT London Interbank fixing (offered rate)		
3-month US$	7$\frac{9}{16}$	7⅝
6-month US$	7¾	7$\frac{13}{16}$
US Fed Funds	6$\frac{15}{16}$*	6$\frac{11}{16}$
US 3-month CDs	6.70*	7.075
US 3-month T-bills	5.49*	5.69

FINANCIAL FUTURES

CHICAGO

	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	91-26	92-28	91-25	92-07
US Treasury Bills (IMM) $1m points of 100%				
June	94.04	94.20	94.02	94.07
Certificates of Deposit (IMM) $1m points of 100%				
June	n/a	n/a	n/a	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.69	92.71	92.68	92.83
20-year Notional Gilt £50,000 32nds of 100%				
June	127-09	128-01	127-00	127-31

US BONDS

Treasury

	May 11 Price	May 11 Yield	Prev Price	Prev Yield
7¼ 1989	99$\frac{5}{32}$	7.61	99$\frac{[illegible]}{32}$	7.59
7 1994	93$\frac{[illegible]}{32}$	8.33	93$\frac{[illegible]}{32}$	8.32
8¾ 1997	100$\frac{[illegible]}{32}$	8.49	100	8.39
8¾ 2017	101$\frac{[illegible]}{32}$	8.65	97$\frac{11}{32}$	8.67

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index May 11	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.58	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	May 11 Price	May 11 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	92.822	6.45	92.06	6.35
SCBT South Central 10¼ Jan 1993	104	9.85	104	9.96
Philbro Sal 8 April 1996	91.68	9.40	91.68	9.40
TRW 8⅞ March 1996	97.01	9.25	98.43	9.35
Arco 9⅞ March 2016	101.50	9.72	100.75	9.79
General Motors 8⅛ April 2016	84.25	9.77	84.75	9.71
Citicorp 9⅞ March 2016	92.78	10.15	92.78	10.15

Source: Salomon Brothers

* Latest available figures